FINANCIAL TIMES

World Business Newspaper

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British beef crisis overshadows start of IGC conference

European Union leaders gather in Turin today for the ceremonial launch of the intergovernmental conference on the future of Europe. But the summit has been overshadowed by the collapse of the beef market. UK prime minister John Major is expected to make a strong appeal for financial support if he orders a selective cull of cattle to restore public confidence in the safety of British beef. Page 2; EU beef sales slump, Page 9; Editorial Comment, Page 15

VW surprised at 14% sales rise: Volkswagen, Europe's largest carmaker, said the first quarter this year had been one of the best sales periods in the company's history with unit sales up 14.2 per cent compared with the same period last year. At the company's annual news conference, Ferdinand Piech, the chairman, said: "We are cautious. We did not expect the first quarter to have turned out as good as it did." Page 17; Prophet of the production line, Page 15

Alcatel Alsthom, the French telecommunications and engineering group, reported losses of FFr25.6bn ($5bn) for 1995, the largest in the country's corporate history. The losses – which followed profits in 1994 of FFr3.6bn – included FFr23.1bn in exceptional provisions and depreciation charges, reflecting the restructuring programme launched last year by Serge Tchuruk after he took over as chairman of the group nine months ago. Page 17

Dublin warns of 'logjam' risk:

John Bruton (left), the Irish prime minister, yesterday warned Britain not to allow next June's all-party talks on Northern Ireland to be "logjammed" by the weapons decommissioning issue or jeopardised by unionist posturing in the elected assembly. He also appealed for compassionate treatment for a dying Irish Republican Army prisoner, suggesting such a humanitarian gesture could help persuade the IRA to restore its ceasefire. Page 16

Trouble looms on US-Japan air agreement: Japanese officials expect further troubled relations with the US over air transport despite an outline deal on expanding air cargo flights. Page 7

Russian venture for oil group: Royal Dutch/Shell has formed a joint venture with a Russian oil company Evikhon to develop and operate oilfields in western Siberia. The Anglo-Dutch group said the project's future would depend on implementation of Russia's controversial production-sharing law. Page 7

Singapore pips Hong Kong in ratings: Singapore has pipped its arch-rival Hong Kong to the post in having the most secure banking system among the emerging countries of Asia, according to Standard & Poor's, the US rating agency. Page 6

UK and China dispute handover ceremony: Britain and China failed to resolve differences on a planned ceremony to mark Hong Kong's return to Chinese sovereignty next year. Page 6

Russian bond talks collapse: Talks between Merrill Lynch and Russia's central bank over a $500m government bond placement have collapsed after the two sides were unable to finalise details of the landmark deal. Page 2

France seeks aid for Corsica: The French government is to request European Commission approval for a wide-ranging economic development package designed to help boost investment and end the violence on the troubled Mediterranean island of Corsica. Page 3

Vietnam gives go-ahead to Honda: Vietnam gave permission to Honda to build a $100m motorcycle assembly plant near Hanoi, becoming the third foreign company to enter the country's booming motorcycle market. Page 7

Kanemaru dies at 81: A colourful chapter in Japan's political history ended with the death, at the age of 81, of Shin Kanemaru, the fallen godfather of the ruling Liberal Democratic party. *Page 6*

Argentine cabinet chief quits: Argentina's cabinet chief resigned, removing a strong figure from the centre of the administration. Page 5

Ramos seeks to boost Philippines reforms: Fidel Ramos, the Philippines president, injected fresh momentum into the country's economic reform programme with a large package of privatisation, deregulation and market opening measures. Page 16; Price of democracy, Page 6

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,596.53	(-30.35)
NASDAQ Composite	1,094.41	(+0.53)
Europe and Far East		
CAC40	2,019.97	(-10.54)
DAX	2,508.44	(-16.98)
FT-SE 100	3,672.6	(+0.2)
Nikkei	21,295.82	(-34.16)

■ US LUNCHTIME RATES

Federal Funds	5⅜%
3-mth Treas Bills: Yld	5.166%
Long Bond	90¾
Yield	6.716%

■ OTHER RATES

UK: 3-mo Interbank	6 1/16%	(same)
UK: 10 yr Gilt	94 22/32	(95½)
France: 10 yr OAT	104.58	(104.72)
Germany: 10 yr Bund	96.7	(97.18)
Japan: 10 yr JGB	98.619	(same)

■ NORTH SEA OIL (Argus)

Brent 15-day (May)	$19.09	(19.83)

■ GOLD

New York: Comex		
(Apr)	$396.9	(400.4)
London:		
close	$398.3	(400.1)

■ DOLLAR

New York: lunchtime		
£	1.5243	
DM	1.4755	
FFr	5.0345	
SFr	1.19	
Y	106.275	
London:		
£	1.5233	(1.5184)
DM	1.4781	(1.4875)
FFr	5.046	(5.0748)
SFr	1.1933	(1.2003)
Y	106.425	(106.74)

■ STERLING

DM	2.2515	(2.2586)
Tokyo close:	Y 106.715	

Albania	LEK 220	Germany	DM4.00	Lithuania	Lts 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.85	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk85
Bulgaria	Lw130.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	Kč80	Israel	Shk7.90	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£85.00
Estonia	Kr 22	Jordan	JD1.50	Poland	Zl 5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils650	Portugal (m'land)		Turkey	L70,000
France	FFr11.50	Lebanon	U3,000		Es240	UAE	Dh12.00

Wolfensohn complains of culture of 'cynicism and distrust' at bank

World Bank chief accuses staff of blocking reforms

by Michael Holman in London and Patti Waldmeir and Robert Chote in Washington

Mr James Wolfensohn, the World Bank president, has accused his senior staff of erecting a "glass wall" in the face of his efforts to generate greater enthusiasm and improve leadership at the world's most important development agency.

Mr Wolfensohn, who has won a reputation for blunt speaking, took over as president of the bank nine months ago. While acknowledging the high calibre of his staff, he laments the "cynicism and distrust" in the bank and expresses astonishment at "the lack of a sense of team".

These and other critical comments, contained in the transcript of a meeting this month between Mr Wolfensohn and top managers, highlight the difficulties facing the former investment banker in his attempts to overhaul the institution.

The bank, which employs 6,500 people, has long been criticised for being inefficient, overly bureaucratic, and for failing to achieve its mission of fostering sustainable development, especially in Africa.

Mr Wolfensohn's passionate exchange with more than 300 leading bank officials was apparently designed to jolt them into an urgent review of their role. Bank officials say internal studies show strong support from employees for Mr Wolfensohn's mission of change. But they also reflect a deep distrust of the senior managers charged with directing it.

Since taking the post, Mr Wolfensohn has fought to create a "results culture" which rewards excellence and punishes poor performance by staff. The new bank chief wants success to be judged by the impact of projects, not by the number of loans approved and monies disbursed, as in the past.

Bank officials last night said this was the fifth or sixth such meeting Mr Wolfensohn had had with staff, but agreed that the tone of his remarks was unusually forthright. The details of the earlier meetings have not been made public.

The remarks reveal the difficulties Mr Wolfensohn is having in stamping his management style on an organisation which has defeated several earlier attempts at institutional reform.

"I'm a new guy," says Mr Wolfensohn at one point in the transcript. "You all know much more than I do. But there is so much baggage. And yet there is a need, somehow, to break through this glass wall, this unseen glass wall, to get enthusiasm, change and commitment. Unless you give the leadership and unless you have the belief... we cannot win."

Mr Wolfensohn refers to staff surveys which he says indicate "a lack of trust in management, a huge sense of cynicism, and some distance between expressed desire to move forward for change and commitment in the organisation".

Mr Wolfensohn urges his senior colleagues to help him find ways to overcome this wall of distrust: "I don't know what else we can do, in terms of standard and even non-standard approaches, to try and bring about change in the institution. I just don't know what else to do ...I just beg you to think about it."

Members of the bank's board are largely supportive of Mr Wolfensohn's efforts to shake up the organisation.

Cry from the heart, Page 4

James Wolfensohn: seeking a "results culture" among World Bank staff which rewards excellence and punishes poor performance Reuter

Dutch food group pays $2.9bn for US chain of stores

By Ronald van de Krol in Amsterdam and Maggie Urry in New York

Ahold, the acquisitive Dutch food retailer, is splashing out $2.9bn to take over Stop & Shop, the biggest operator of supermarkets in New England.

The takeover, the largest in Ahold's history, will make the Dutch company the fifth biggest supermarket group in the US.

The company, which has already built up a network of five US supermarket chains through a series of acquisitions since 1977, is currently ranked seventh among food retailers active in the US.

Ahold said Stop & Shop's majority shareholder, the Wall Street leveraged buyout investment group Kohlberg Kravis Roberts (KKR), had agreed to sell its 62 per cent stake. A tender offer for the remaining shares will be launched on April 3 on the New York Stock Exchange at a price of $33½ per share. The price will rise to $34½ if regulatory approval is not received by July 31.

In early trading, Stop & Shop's shares jumped $6½ to $33¾. Ahold's shares fell Fl 1.70 to close at Fl 75.50 in Amsterdam.

Ahold said its earnings per share would show an increase in 1996 despite the size of the acquisition, which also calls for the assumption of $1.1bn in debt.

The takeover will require a bridging loan from a group of international banks. This will then be refinanced following the completion of a planned issue of ordinary shares, convertible preference shares and cumulative preference shares. Details of the share issue have not yet been published. Ahold is scheduled to hold a press conference this morning.

The deal will give Kohlberg Kravis Roberts a tenfold return on a $100m investment it made in Stop & Shop in 1988 as part of a leveraged buyout. Stop & Shop was refloated in November 1991, with the company issuing 17m shares at $12.50 each. That raised $200m, which Stop & Shop

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Mandela replaces finance chief in reshuffle

South African president awards key post to ANC member for the first time

By Roger Matthews and Mark Ashurst in Johannesburg

President Nelson Mandela of South Africa announced a cabinet reshuffle yesterday and, for the first time, awarded the ministry of finance to a member of the ruling African National Congress.

Mr Trevor Manuel, formerly minister of trade and industry, takes over the finance portfolio on April 4 from the politically non-aligned Mr Chris Liebenberg, who resigned for personal reasons. Mr Manuel will be the third finance minister since the government of national unity was formed less than two years ago.

The appointment of Mr Manuel, who has clashed with South Africa's biggest conglomerates over his determination to break their dominance of the local market, will test international confidence in the management of the economy. Rumours that Mr Liebenberg was to resign helped to push the rand lower against the dollar, closing at R4.004, down R0.3 on the day.

Chris Liebenberg: quit finance portfolio for personal reasons

The ministry of finance has also been given substantially more power, absorbing the reconstruction and development programme which has received budget allocations of R15bn ($3.70bn). The programme, the most politically important part of ANC policy, aims to bring basic services, such as water and housing, to millions of people, especially in rural areas.

Mr Jay Naidoo, who headed the programme and had been under growing criticism for its failure to deliver results more rapidly, will replace Mr Pallo Jordan as minister of posts and telecommunications.

Surprisingly, Mr Jordan quits the cabinet just two weeks after he announced a blueprint for the development of the telecoms sector. Mr Alec Erwin, a former trade union official, has been promoted from deputy finance minister to head the ministry of trade and industry.

Mr Mandela told parliament that he had struck a deal with Mr Liebenberg that his appointment would only be for a short time, and the government had to stick by that commitment.

Mr Liebenberg, who earlier this month delivered his second budget, said he wished to spend more time with his family.

The appointment of Mr Manuel, who impressed many with his grasp of complex trade and industry issues, puts the ANC in full charge of economic policy.

Mr Manuel has no experience in the banking industry or finance, unlike his two predecessors who were chosen primarily because Mr Mandela believed their records would attract international respect.

The South African Chamber of Business, which represents thousands of companies and chambers of commerce, said the departure of Mr Liebenberg came "when the country is still struggling to build a reputation for financial stability and sound economic management".

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Swedish 7-Eleven stores lose some of their convenience

By Hugh Carnegy in Stockholm

Swedish branches of the worldwide 7-Eleven convenience store chain will be rather less convenient to customers than before under a new agreement with the country's powerful trade union movement.

The Swedish 7-Eleven franchisees have reluctantly accepted a deal with the retail workers' union which stops them selling regular retail goods between the hours of midnight and 6am.

As a result of the deal, the stores will only be allowed to sell fast foods during those hours and will have to cover up their other lines of goods, probably with sheets, at midnight.

The deal is the second victory within a year over a high-profile US-based retail operation for the union, Handelsanställdas Förbund. Last August, Handels, one of the most radical trade unions in Sweden, forced the Toys R Us chain to accept a collective agreement after a strike lasting several months.

In the case of 7-Eleven, Handels succeeded after year-long negotiations in winning acceptance of the employers for its restrictions on round-the-clock working hours in the retail sector.

"Handels are against everything American. This was the best agreement I could come up with," said Mr Björn Krasse, managing director of Small Shops Sweden, local operator of 7-Eleven franchises.

"Otherwise we would have had to close completely or end up in a conflict we would only lose – like Toys R Us."

7-Eleven stores had been covered by an agreement with the Swedish hotel and restaurant union. But Handels put pressure on it to end its agreement to make way for the retail union and presented the new demands. 7-Eleven workers will still be represented by the hotel and restaurant union between the hours of midnight and 6am when they sell fast foods.

Mr Krasse complained that petrol stations and many independent all-night stores would still be able to sell a full range of goods which 7-Eleven stores were now unable to offer because they continued to be covered by agreements with the transport union and the hotel and restaurant union. "We are simply the victims of a tough union," he said.

There are 16,000 7-Eleven stores around the world. The brand is owned by the Dallas-based Southlands Corporation of the US.

Mr Krasse said it was likely 30 jobs would be lost out of 300 in Sweden's 31 7-Eleven stores. The Swedish Employers' Confederation complained that Handels' attitude was damaging job creation when unemployment in Sweden was running at more than 12 per cent.

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Yugoslavia fights Slovenia debt deal

By Kevin Done,
East Europe Correspondent

Rump Yugoslavia yesterday launched a legal action to block the landmark foreign debt deal reached between Slovenia and the so-called London Club of commercial banks.

The conflict between rump Yugoslavia – Serbia and Montenegro – and the international banking community and Slovenia intensified as Belgrade started legal action in the High Court in London against more than 385 commercial banks and other financial institutions, chiefly western creditors holding debt claims against former Yugoslavia.

The conflict centres on the attempt by Slovenia, the most advanced of the five states that emerged from the collapse of former Yugoslavia, to reach its own agreement with the commercial banks on its share of the total $4.2bn of former Yugoslav debt.

Slovenia is seeking to sever its links with the foreign debts amassed by former Yugoslavia and to create an independent presence in the international capital markets with a separate country risk assessment.

Yesterday's legal action comes just as Slovenia is in the final stages of implementing its deal with the banks under which it is taking on 18 per cent of the total Yugoslav foreign commercial bank debt, in exchange issuing creditors with $822m of Slovenian government bonds. The final exchange is due to take effect in mid-June.

As part of the deal Slovenia will be released by the banks from the onerous clause in former Yugoslavia's last debt rescheduling deal – the New Financing Agreement (NFA) of 1988 – under which 10 Yugoslav banks, including two from Slovenia, as well as the National Bank of Yugoslavia were made "jointly and severally liable" for the whole debt.

Yesterday the National Bank of Yugoslavia along with two commercial banks from Serbia and one from Montenegro filed an action in the High Court aimed at halting the Slovenian deal, issuing writs against both the banks and the Slovenian authorities. Belgrade claims that the Slovenian deal is in breach of the NFA.

Serbia is seeking an injunction to stop the exchange of bonds taking place. If that fails, it is also seeking to escape from all of its own liability for any of former Yugoslavia's debt under the NFA, and it is also seeking damages.

The Serbian action follows the failure of a warning letter sent earlier this month by its US lawyers, which sought assurances from the nearly 400 creditors in the so-called London Club that they would not go ahead with the Slovenian deal, and threatening legal action if they did.

Only Tokai Bank of Japan has given the assurance sought, and the International Co-ordinating Committee for the banks led by Chemical Bank of the US responded two weeks ago by making clear that all its members intended to press ahead with the deal.

At stake is the whole complex issue of the succession to the state of former Yugoslavia and the division of that country's assets and liabilities. It is estimated that around $2bn of gold and hard currency assets of former Yugoslavia are frozen around the world.

Rump Yugoslavia claims that it is sole successor and that the other states seceded illegally. Slovenia, Croatia, Macedonia and Bosnia Hercegovina claim that all five are equal successor states following the dissolution of former Yugoslavia.

Mr Mojmir Mrak, the Slovenian government's chief debt negotiator, said last night Slovenia would maintain the original timetable for the deal. "We are confident the transaction is in compliance with the NFA. There is no legal ground for this kind of action."

Germans foster European awareness

By Peter Norman in Bonn

Children in the European Union should be obliged to learn two European foreign languages and history with a more European bias, under proposals to strengthen the EU put forward yesterday by two senior politicians in Chancellor Helmut Kohl's Christian Democratic Union.

Mr Wolfgang Schäuble, the party's leader in the Bundestag, the lower house of parliament, and Mr Karl Lamers, its foreign policy spokesman, said it was essential for political leaders to act to build up European consciousness.

It was vital to "to underpin the strong joint foundation of Europe's cultural heritage", they said, adding there should be far more school exchange programmes in the EU.

The two politicians caused a furore 18 months ago by putting forward a strongly integrational programme for the EU that envisaged a "hard core" of countries moving rapidly towards political union, which appeared to institutionalise the idea of a two or multi-speed Europe.

Yesterday, in a catalogue of proposals published to coincide with the start of the EU intergovernmental conference in Turin, they substituted the concept of a vanguard of European countries that would seek a fast track to integration.

They said these countries should be able to push ahead with building up the Union in the framework of the EU treaty, but other countries which felt unable to join any step towards a deeper union should not be excluded from catching up.

Mr Lamers said the issue of the vanguard could be "the decisive question" to be resolved in the IGC. The vanguard would not be a "closed core" and the goal of integration would remain the same for all EU members, he said.

Messrs Schäuble and Lamers echoed the goals that the German government set this week for the IGC, but their paper had a more integrationist tone than the proposals so far outlined by Bonn.

They declared, for example, that "majority decisions must become the rule in all areas of European policy", although they endorsed the Franco-German concept of "constructive abstention" that would allow a member state not to commit troops in a joint European military operation.

They called for a "document with a character similar to a constitution" to spell out the roles of EU and national authorities in a way that people could understand.

More immediately, Mr Lamers said the EU should show solidarity with the UK and help it overcome the crisis caused by mad cow disease.

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Beef crisis overshadows IGC start

Lionel Barber and **John Kampfner** report from Turin on the main summit issues

IGC 1996

EU leaders gather in Turin today for the ceremonial launch of the intergovernmental conference on the future of Europe. But the summit has been overshadowed by the collapse of the beef market. Mr John Major, UK prime minister, is expected to make a strong appeal for financial support if he orders a selective cull of cattle to restore public confidence in the safety of British beef.

France and Germany indicated this week that they were prepared to show solidarity, but diplomats in Turin predicted tense exchanges if Mr Major attacks the EU's worldwide ban on British beef without offering a clear promise to slaughter herds. Relations between the UK and the rest of the EU are already tangled as a result of Britain's hardline opposition to further political integration, the focus of the IGC which will review the operation of the Maastricht treaty.

The conference, a series of rolling negotiations broken by periodic summits, is expected to last at least 15 months. It will cover the relations between small and larger states, majority voting and the national veto, as well as efforts to make the EU's internal and external policy more coherent, visible and effective.

President Jacques Chirac is expected to make a strong plea for a renewal of "social Europe" today in response to the high unemployment in Europe.

Mr Jacques Santer, the European Commission president, endorsed Mr Chirac's call in Brussels yesterday, declaring that social policy should not be simply an annex to the European edifice: "The moment has come for it to be an integrated part of our project."

Mr Major is expected to repeat strongly Britain's opposition to entrenching social rights in the EU treaties. He will stand by Britain's right to opt out of the social chapter, the annex to the Maastricht treaty which covers EU labour law.

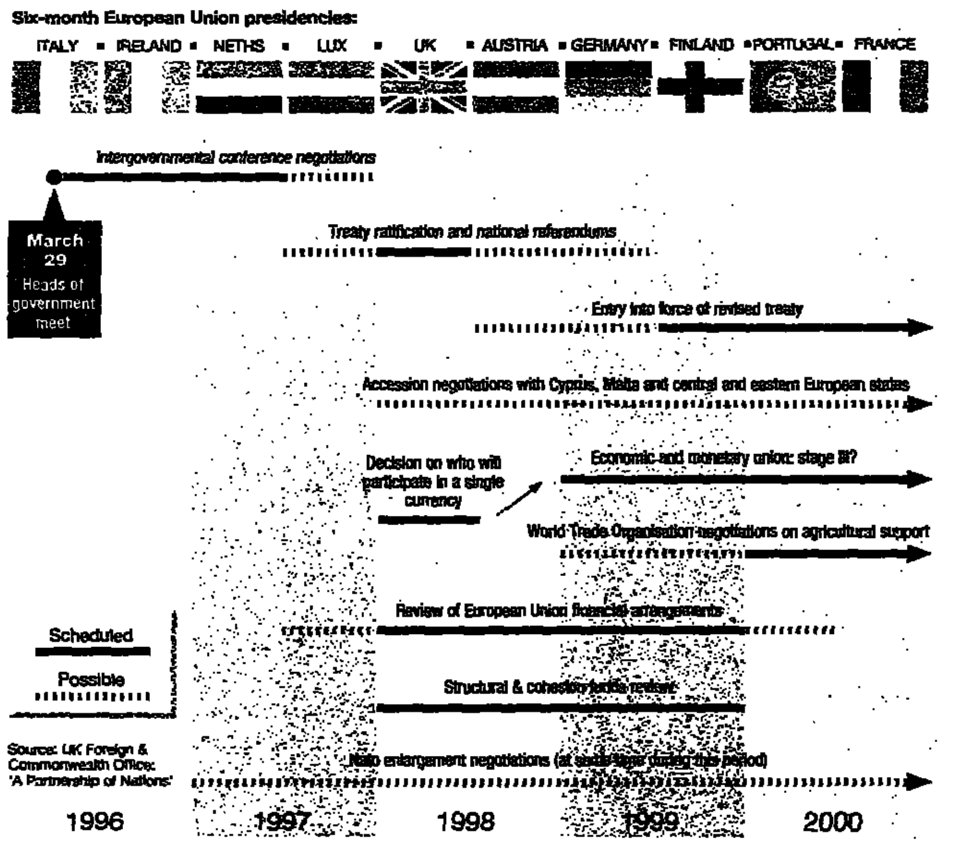
Mr Santer is also pressing for a new "pact of confidence" between national governments, industry, and the trade unions to tackle unemployment.

Most leaders are expected to endorse the thrust of his plan, but without supporting his call for an extra Ecu1bn (£850m) on showpiece trans-European infrastructure projects and an extra Ecu700m on research and development.

Mr Santer's plan is based on an unexpected windfall in the EU farm budget as a result of the switchover from price supports to direct income payments to farmers. These savings could be as high as Ecu1bn this year, and could generate Ecu4bn-Ecu5bn between 1997 and 1999.

Most states want the money reimbursed to national coffers to bolster their efforts to reduce national deficits to qualify for monetary union in 1999. The costs of tackling the beef crisis could also wipe out expected savings.

EU intergovernmental conference: the road ahead



Talk, lunch - then it's up to the backroom boys

By Lionel Barber

The Maastricht treaty review conference, which opens today in Turin, is being billed as a chance to shape Europe for the 21st century.

Leaders attending the launch ceremony in Lingotto – a Fiat car factory converted into a space-age conference centre – will have a set-piece exchange, lunch, and jet out of town. Then, it's over to the technocrats.

For the next few months, almost all the serious preparation of "Maastricht II" will be in the hands of near-anonymous constitutional experts meeting every week or so in Brussels to discuss possible revisions to the treaty.

The process – known as an intergovernmental conference or IGC – involves rolling negotiations between a group of around 20 national representatives with staff support.

These one- and half-day sessions are interspersed by meetings of foreign ministers and six-monthly summits between the 15 EU heads of government, where the grand bargains are struck.

Maastricht I was widely condemned as an elitist exercise in which politicians and Brussels technocrats delivered a text which was about as dull as a London bus timetable.

Yet Maastricht II risks being much the same, for all the promises of greater openness and transparency in the negotiations. Much of it concerns fine-tuning of legal instruments and decision-making.

"There is no central theme," says a senior EU diplomat who is lobbying for a short political text to accompany the revised treaty a little like the Declaration of Independence.

The trouble is that national governments are so split about the EU's political priorities that a general statement seems impossible to achieve. The 15 only barely agreed on a compromise for keeping the European Parliament – the only directly-elected EU institution – informed of their exercise.

The essential areas under discussion at the IGC fall into five categories.

- Majority voting and the national veto, including how far to redistribute voting weights in favour of countries with large populations such as France, Germany and Britain.
- EU citizenship, human rights, justice and home affairs (including asylum, visa policy).

Governments are deeply split over EU priorities

- The common foreign and security policy, which member states want to make more effective, credible and visible; and defence.
- Employment, where some member states want to strengthen language on social policy and job-creation without, however, rewriting Maastricht I's provisions on monetary union.
- The European Parliament, where a German-led bloc of countries would like to strengthen MEPs' role as a democratic counterweight to the European Commission and the decision-making Council of Ministers in Brussels.

Many of those involved in the IGC played leading roles in Maastricht I and do not have a political background. The striking exceptions are Mr Michel Barnier and Mr Werner Hoyer, the French and German deputy foreign ministers, who will take part in the initial phase of negotiations.

But some suspect they will soon tire of commuting and delegate responsibility to Mr Pierre de Boissieu, the intellectually ferocious French ambassador who helped design Maastricht, and Mr Dietrich von Kyaw, the German ambassador who combines romanticism with bulldozer instincts.

If so, they would join their colleagues Mr Stephen Wall, the British ambassador who arrived last year in Brussels after serving in Lisbon and working closely with Prime Minister John Major; Mr Javier Elorza, the Spanish ambassador, whose first love is photo-modernist painting; and Mr Philippe de Schoutheete de Tervarent, the Belgian ambassador with the Etonian accent who comes from a long line of aristocratic diplomats.

Messers Wall, von Kyaw, de Boissieu, and de Schoutheete are battle-scarred veterans of Maastricht I. So is Mr Niels Ersboll, the Danish representative who was the former long-serving secretary general of the European Council, the top diplomatic post in Brussels. Mr Michel Petite, adviser to Commissioner Marcelino Oreja, who has a seat at the negotiating table, served as a top staff member to Jacques Delors, former Commission president.

Because of the UK government's hardline negotiating position in the run-up to the general election, which must be held by May 1997 at the latest, many insiders expect it to drag till the Amsterdam summit in June 1997 or even to the autumn under the Luxembourg presidency. Yet, as one EU foreign minister admitted this week: "We could probably wrap it up in five months.

Luxembourger set to make his presence felt

When EU leaders gather in Turin today watch out for the tall young man with the spectacles. Mr Jean-Claude Juncker, Luxembourg's prime minister, is not a household name like President Jacques Chirac or Chancellor Helmut Kohl, but he is one of the most promising politicians of his generation and will make sure his voice is heard in the negotiations.

Being a protégé of Mr Kohl helps, and being a Luxembourger is something of an advantage, too. Since 1945, the Grand Duchy has produced several prominent Europeans, the latest being Mr Jacques Santer, president of the European Commission, who was Mr Juncker's predecessor.

Yet the real reason Mr Juncker is worth watching lies in the nature of the IGC itself. Because it is a negotiation between national governments about revisions to EU treaties, each member state – including plucky little Luxembourg (population 450,000) – has a veto on the outcome.

In some areas, Mr Juncker will wield the veto as readily as the British or the French. He will insist on retaining Luxembourg's right to a commissioner in Brussels. He will resist extending majority voting to fiscal policy because it would threaten the Grand Duchy's status as a withholding tax haven. And he will negotiate hard to maintain Luxembourg's voting weight in the decision-making Council of Ministers.

Mr Juncker, 41, knows a thing or two about IGC negotiations, having drafted much of the 1991 Maastricht language on monetary union during the Luxembourg presidency of the EU. The son of a steelworker, he was educated at Strasbourg University, and speaks fluent French, German and English.

Coming from a country twice overrun this century by German armies, Mr Juncker finds no problem in supporting Mr Kohl's comment that political integration in Europe is about war and peace. He favours movement toward political unity, not just to prepare the ground for monetary union but also as a means of managing German power.

"Helmut Kohl is the last European, the keeper of the Holy Flame. If you look at the past 50 years, you should take the chance which Helmut Kohl is offering. The other Germans don't feel Europe in their bones like he does; and they won't cut a deal like he did on monetary union."

Mr Juncker argues that institutional reform is also vital if the EU is to cope with its planned expansion to central and eastern Europe. In a more diverse Union of 20-plus members, some countries should be allowed to move ahead of the rest, to co-operate more closely in certain areas.

He singles out risks in the "variable geometry" favoured by France, Germany, the European Commission and the Benelux countries. "You might encourage the idea of *à la carte* Europe, with only parts of Europe taking part in certain policies. You could also set a bad precedent for the east Europeans. Poland could take part in a common foreign policy, but what about Romania or Slovakia?"

Yet, on balance, he feels it is better to let those with the greatest ambitions move forward rather than being held back by recalcitrant member states. Asked about the UK's hardline stand in the IGC, Mr Juncker claims he has a soft spot for the British whose pragmatism and forthrightness remind him of his father.

"I do not attack the British because I know other countries hide behind them. Right now, nothing is happening on social Europe. But you cannot blame the British because they are not involved [as a result of their opt-out on Maastricht's social chapter on labour law]."

Juncker: promising

Mr Juncker also agrees with British criticism that Maastricht promised more than the politicians could deliver, particularly on common foreign and security policy. It was *Etikettenschwindel* – a false label which failed to acknowledge that, in some sensitive areas, countries are simply not willing to cede sovereignty.

On monetary union, however, he has little time for UK criticism. Emu will happen on time in 1999, he says. It will be a political decision to be taken by the 15 heads of government in early 1998.

EU leaders will consider the recommendations from the European Monetary Institute and the Commission on which countries qualify, notably on public deficits which are supposed to be trimmed to 3 per cent of gross domestic product. But, hypothetically, "if Germany is 3.5 per cent, and France is 3.7 per cent, it's OK. You are not going to miss a historic opportunity over 0.4 per cent or so."

Emu, concludes Mr Juncker, is the cement holding the European structure together. "Without Emu, it would be a catastrophe," he declares, with a conviction which leaves no doubt about the high-level political commitment to the project.

Lionel Barber

EUROPEAN NEWS DIGEST

Russian bond talks collapse

The talks between Merrill Lynch and Russia's central bank over a $500m government bond placement have collapsed after the two sides were unable to finalise details of the landmark deal.

"During the discussions the Bank of Russia and Merrill Lynch were not able to reach agreement on all aspects of the proposed scheme and talks have ended," a central bank statement said.

The US investment bank had been aiming to attract international investors into the Russian Treasury-bill (GKO) market, which is one of the highest-yielding government bond markets in the world. The central bank had earlier postponed the international bond placement until next week in an attempt to settle outstanding differences but it is believed insoluble problems arose over currency risks.

The Russian government has been desperate to raise additional revenue to fund the spending commitments made by President Boris Yeltsin ahead of June's presidential poll. *John Thornhill, Moscow*

CAP abuses bring Brussels fines

Ten EU members are being fined a total of Ecu787m ($1bn) for fraud and abuses connected with the common agricultural policy in 1992, with a further Ecu209m of fines still under discussion in a conciliation process.

In the first "clearance of accounts" decision of Mr Jacques Santer's presidency, the European Commission has come down hard on countries which paid out too much in subsidies to farmers, signalling its determination to cut down fraud.

Four countries account for more than 80 per cent of the total of almost Ecu1bn. Italy alone faces Ecu416.2m in fines, including Ecu217.2m for failing to respect milk quota rules, Ecu89.4m connected with non-existent cereal exports, Ecu25.6m for inadequate control of beef storage, and Ecu16m for breaching the tobacco crop ceiling. Next are Spain (Ecu205.5m, largely connected with milk quotas), Greece (Ecu165.3m, much of it for abuses in the cotton sector), and Ireland (Ecu86.9m, mostly for insufficient control of beef storage). *Neil Buckley, Brussels*

Portuguese party adrift

Portugal's Social Democrats (PSD), adrift without effective leadership since their defeat by the Socialists in October's general election, begin a party congress today.

After 14 years in government, the centre-right party is floundering in an opposition role of which it has little experience, deprived both of office and of the strong leadership of Mr Aníbal Cavaco Silva, the former prime minister and PSD leader.

Most prominent party officials are shying away from election to the new leadership, which is faced with trying to win back the popularity that the PSD lost amid allegations of patronage, arrogance and inefficiency that were among the main causes of its general election defeat.

Mr Marcelo Rebelo de Sousa, a popular TV and radio pundit who did not serve under Mr Cavaco Silva, is regarded as the most likely candidate to be elected on Sunday. He may be challenged by Mr Pedro Santana Lopes, president of Lisbon's Sporting soccer club, who has stronger support on the right of the party. Both men have followed maverick careers within the PSD, and neither is likely to be able to assert the authority that enabled Mr Cavaco Silva to hold the party's factions together. *Peter Wise, Lisbon*

Setback for French post office

The French post office was ordered yesterday to cancel immediately a radio and television advertising campaign to promote its housing loans. The *tribunal de grande instance* of Nanterre said the campaign failed to provide the public with adequate information about the conditions behind its services.

The ruling follows a demand for a ban by several banks which have become increasingly vocal about what they claim is the distorting effect of the post office in financial services. It follows a campaign, launched in the middle of the month, which fails to mention that only customers with an existing special government-backed savings scheme are able to obtain housing loans through the post office.

The post office said it was surprised by the ruling, and would appeal. Bank objections have already lost it the chance to offer a new zero-interest housing loan package launched by the government last year. *Andrew Jack, Paris*

Berlin tightens its belt

Berlin's city government was last night poised to push through a controversial package of cost-cutting measures aimed at saving DM5.3bn ($3.5bn) a year until 1999. The measures, spearheaded by Ms Annette Fugmann-Heesing, appointed finance senator in January, ends a five-year spending spree by the Christian Democrat-Social Democrat coalition government which produced a budget deficit of DM6bn this year.

The savings coincide with forecasts showing lower than expected tax revenue as the capital's economy slows and unemployment hits 14 per cent. Expected revenue this year will amount to DM36bn, DM1.1bn less than previous estimates, while expenditure will total DM41.9bn, compared with a draft budget of DM43.8bn. The savings are designed to put the capital's finances on a firm footing before the federal government moves from Bonn by the end of the decade.

Despite demonstrations and protests, Ms Fugmann-Heesing has pressed ahead with reductions in the public sector, one of the highest per capita in Germany, cutting education, sports and cultural budgets. *Judy Dempsey, Berlin*

Hurd urges Nato expansion

Nato should proceed swiftly with the incorporation of new members, despite Russia's strong objections, Mr Douglas Hurd, the former UK foreign secretary, said yesterday. In a speech to the International Institute of Strategic Studies, he also urged creation of a "Baltic security system" comprising Finland, Sweden, Estonia, Latvia and Lithuania. He further called for the west to show greater imagination in designing a security relationship between Nato and Russia.

Mr Hurd cited Poland, Hungary, the Czech Republic and possibly Slovenia as the most promising candidates for Nato membership. "We should see agreement that these countries should become full members of Nato within the next two years, even before they join the European Union," he said.

A Nato guarantee to the Baltic states would be difficult to fulfil in practice, he said, asking: "Is it really credible that the US, or indeed Britain, would undertake to defend Estonia.... with nuclear weapons?" Mr Hurd said his proposed Baltic security bloc could deal collectively with both Nato and Russia. *Bruce Clark, London*

French output forecast to rise

The decline in French industrial activity has stopped in recent months and a pick-up in production can be expected in the second quarter, but prices should remain on a downward trend, the statistics office Insee said. The balance between the number of industrialists reporting a decline in output and those experiencing an increase during the previous three months narrowed to 10 percentage points in March from 11 the month before. The difference between those expecting a decline in output and those predicting an increase fell to 23 points from 32.

■ New orders for plant and machinery in Germany fell 6 per cent in price-adjusted terms in February from a year earlier, said the VDMA industry association. It blamed weakness in domestic investment.

■ Industrial output in Spain fell 1.2 per cent in January from a year earlier, compared to a 4.8 per cent fall in December, the National Statistics Institute said.

■ Belgian consumer prices rose 0.07 per cent in March from February and 2.03 per cent year-on-year.

Yeltsin's plan for Chechnya evaporates

By Chrystia Freeland in Moscow

In a remarkable sign of openness – or perhaps desperation – a senior Kremlin official this week sought the advice of leading Russian journalists on how to smooth over what could become one of the most embarrassing episodes in Russian President Boris Yeltsin's bid for re-election.

Mr Yeltsin has promised voters that he will appear on national television on Sunday to unveil a new plan for resolving the war in Chechnya, an unpopular conflict which many analysts believe could hurt his chances in the June 16 presidential ballot.

Earlier this month, government officials announced that the much-hyped plan had been approved by the Security Council, one of Russia's top policymaking bodies, but declined to reveal any details.

However, in a briefing at the Kremlin this week with several senior Russian journalists, a senior presidential aide admitted that Mr Yeltsin had no new plan to reveal on Sunday. Instead, the Kremlin official said, the president planned to outline a number of measures already being applied on the ground in Chechnya.

In a report which appeared to be based on the Kremlin briefing, the Russian news agency Interfax yesterday quoted "a well-informed source close to Kremlin circles" seeking to lower public expections with the warning that: "It would be naive to expect that the televised address will provide a definitive simplified recipe for ending the difficult conflict."

Journalists at the Kremlin session were unimpressed. "In a chorus, we said that there was nothing new in the plan. The president had promised to present a new plan, but he had nothing new to say," said one.

The official asked the journalists for advice on how to prevent the limp presidential speech becoming a public relations disaster. If the administration takes the reporters' advice, the Moscow media is likely to experience on Monday the Kremlin's first wholehearted attempt at western style spin doctoring, as a series of senior Yeltsin advisers hold briefings to explain government policy in Chechnya.

Dictator's folly now a conference venue

Virginia Marsh on how Romanians are putting a 'symbol of suffering' to practical purposes

With its gilded ceiling, marble columns and crystal chandeliers, it was intended as a reception hall for kings. Now the Sala Unirii in Bucharest's People's Palace – the world's second largest building after the Pentagon – can be yours for $6,000 (£3,900) a day.

Lavish halls in which toppled dictator Nicolae Ceausescu and his wife Elena, planned to hold state banquets and fête foreign dignitaries are now filled by company launches, lawyers' seminars, human rights conferences and fashion shows.

Six years after the revolution that toppled the Ceausescus, Romania is slowly finding uses for the 11-storey palace, standing high on its 24-hectare site, dominating downtown Bucharest. With 900 rooms, it is one of many white elephants the hated couple bequeathed this poor Balkan nation, complicating an already arduous transition to a market economy. Renamed the Palace of the Parliament, Romania is trying to market it as an international conference centre.

"It evokes an emotional response from Romanians. It is identified with Ceausescu and, for many, it symbolises the sufferings endured under his regime," says Mr Radu Cimponeriu, the conference centre's manager. "Foreigners appreciate it most."

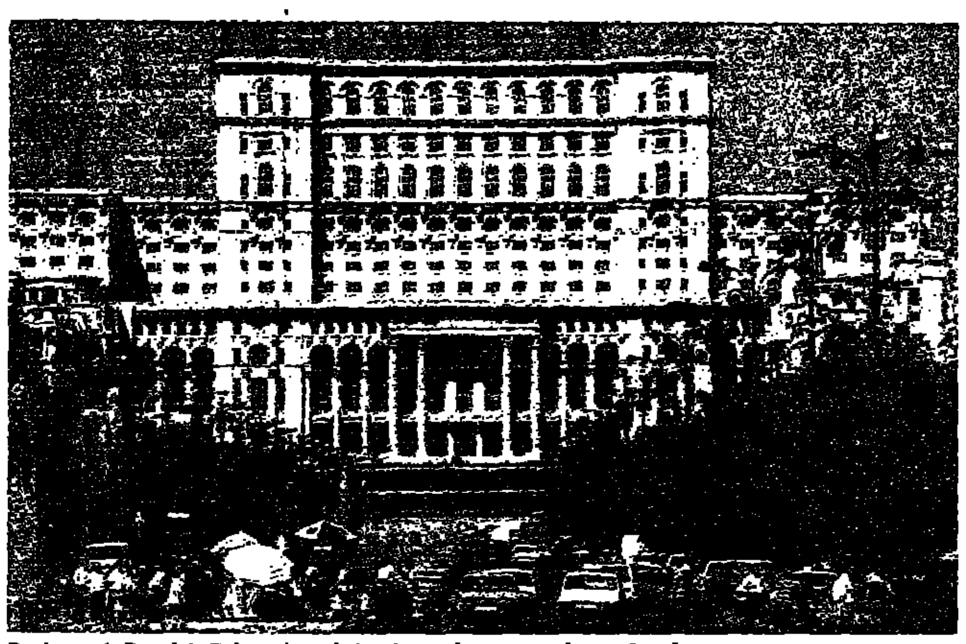
It took 20,000 workers, many of them conscript soldiers, and 700 architects more than a decade to construct the palace, which was decked out with two million tonnes of marble and 2,800 crystal chandeliers.

Artists were requisitioned from all over Romania to design interiors and furnishings, right down to ornate brass screens for the radiators, one-off porcelain dinner services and dozens of hand-woven carpets and tapestries.

The heart of historic Bucharest – dozens of churches and synagogues and thousands of homes – was razed to make way for it and the surrounding Civic Centre, a vast concrete complex of apartments, government offices, shops and grand boulevards, is still only partially completed.

The city's crumbling infrastructure was neglected as resources equivalent to several per cent of annual GDP were diverted to the project in the late 1980s. Mr Crin Halaicu, mayor of Bucharest, remarked – only partly in jest – that if all the lights in the People's Palace were turned on, the city would have no electricity.

Seventeen of its largest and grandest salons have been turned over to Mr Cimponeriu and his team. Their tasks include improving the building's image and raising money from hiring out rooms.



Bucharest's People's Palace: it took 20,000 workers more than a decade to construct

An advertising campaign has been launched with the slogan "A New Place for a New World". Glossy pamphlets and postcards show the palace, which resembles a huge wedding-cake, set against a fiery red evening sky.

Event organisers can choose from the 2,600 square metre Sala Unirii, home to one of the world's largest carpets, through to smaller rooms, suitable for up to 20 guests, for a few hundred dollars a day.

Other chambers such as the Nicolae Titulescu room named after a pre-war Romanian statesman, with its rose-coloured carpets and curtains, elegant Louis XIV furniture and marble busts, are reserved for official events.

The biggest of last year's 100 events was a week-long meeting of the Inter-Parliamentary Union, attended by 1,300 delegates. But however successful the marketing of the palace, its huge construction costs are unlikely ever to be recouped.

Mr Halaicu and others in opposition parties favoured privatising the building or at least parts of it, arguing it had already cost the cash-strapped state far too much. Some said it should be dynamited. Others suggested turning it into a museum of communism.

The left-led government decided to fund its completion – it was around 80 per cent built in December 1989 – and to use it to house as many state bodies as possible.

As well as the conference team, the Court of Accounts and the Official Monitor (the newspaper which publishes laws and government decisions) have moved in: the Senate and the Chamber of Deputies, the two houses of parliament, are due to join them after this year's general elections. MPs use some of the several hundred offices on the upper eight floors.

Mr Cimponeriu regrets the use of the building by state organisations requiring tight security. "People might not like the palace but it does contain pieces of art and we can respect the many Romanians who worked so hard to create it – even if it was ordered by Ceausescu."

Democrats rally to Russia leader

By John Thornhill in Moscow

Some of Russia's leading democratic politicians are slowly – if reluctantly – rallying to President Boris Yeltin's tattered banner as it becomes increasingly clear that the presidential election in June is turning into a head-to-head contest between the incumbent and Mr Gennady Zyuganov, the Communist party leader.

Mr Anatoly Chubais, the former first deputy prime minister in charge of economic policy who was sacked by Mr Yeltsin in January, yesterday expressed strong support for the president and revealed that he had been helping the re-election campaign.

"A Zyuganov victory would lead to bloodshed in Russia. I am 100 per cent convinced," said Mr Chubais, who is deputy leader of the liberal Russia's Choice political movement.

Mr Eduard Rossel, the powerful governor of the Sverdlovsk region who has clashed with Mr Yeltsin in the past, also swallowed his differences yesterday and urged all centrist and democratically-oriented forces to unite behind the president to prevent reforms being destroyed.

Many of Russia's liberal politicians have fiercely criticised Mr Yeltsin for the increasingly authoritarian nature of his regime and the brutal conflict in Chechnya. Some, such as Mr Sergei Kovalyev, a human rights campaigner and leading light of the liberal Russia's Choice faction, have said they will never vote for Mr Yeltsin and are most likely to abstain.

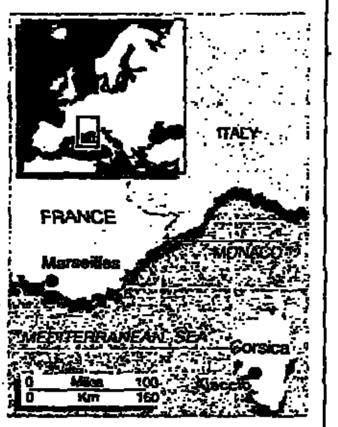
But other liberals appear to have concluded there is no realistic alternative to Mr Yeltsin.

The latest opinion poll suggests that Mr Zyuganov's support is steady at about 25 per cent with Mr Yeltsin strengthening to 15 per cent. If replicated in the vote on June 16, the two candidates would go head-to-head in a second round.

France to seek aid for Corsica

By Andrew Jack in Paris

The French government is to request European Commission approval in June for a wide-ranging economic development package designed to help boost investment and end the violence on the troubled Mediterranean island of Corsica.



Mr Jean-Claude Gaudin, minister for regional development, urban affairs and integration, said yesterday that he would seek local politicians' support ahead of an appeal to Brussels for exempting businesses on the island from many tax obligations.

The government published a list of 38 of the most impoverished urban areas which will be eligible for "free zone" status – where businesses will also be able to claim substantial reductions in social security and local tax charges.

The details follow the announcement by Mr Alain Juppé, the prime minister, in January of a national FFr5bn (£643m) a year urban policy to help attack growing problems of deprivation and violence across the country. Since then the situation in Corsica has worsened, with growing demands for economic aid as attacks against public property and violence between rival nationalist groups has escalated.

Following negotiations and high-level ministerial visits to the island over the past three months, the French cabinet resolved this week to create an additional "free zone" covering all of Corsica alongside those for urban regions elsewhere in the country. Details of the exemptions have yet to be finalised.

Brussels earlier this week approved the principle of the "free zones" for France's urban areas. But the benefits for Corsica would range more widely.

The government plans a FFr40m aid package for the agricultural sector, and resumption of EU subsidies to milk producers on the island – suspended in February following widespread fraud.

There will be an extended moratorium on debt and specially reduced interest rates for the hotel trade in Corsica, which has had two particularly poor years following the economic downturn in France. There will be special aid for small businesses, a renewed emphasis on the Corsican language and support for local culture.

Government statistics put Corsica's unemployment level at 12 per cent, just above the national average, and suggest 60 per cent of income comes from state aid.

Mr Alain Lamoussure, the government's spokesman, reiterated that French policy towards Corsica would be one of "dialogue, openness, application of the law but also firmness".

In spite of a temporary ceasefire announced at a press conference in January by 600 hooded and armed members of the National Front for the Liberation of Corsica, one of the leading groups, violence has continued.

NEWS: INTERNATIONAL

World Bank chief's cry from the heart

Michael Holman and **Patti Waldmeir** on Wolfensohn's passionate appeal to senior management

Seldom if ever can a World Bank president have made a speech as impassioned and as critical as the one Mr James Wolfensohn made to senior management at a meeting in Washington on March 12.

It was a cry from the heart of a man who seeks to inspire as much as to lead, but who has seen that inspiration blocked by cynicism and distrust. For 90 minutes before 300 senior colleagues, Mr Wolfensohn fought that cynicism with the rhetorical weapons he uses so well: frankness, sincerity, passion and hyperbole.

He concluded on a high note, adopting the tone of enthusiasm he hopes will infect the work of his subordinates around the world: "I am... talking about a new atmosphere of change and a new atmosphere of hope and a new dream... where we can say we are affecting the lives of people in the world (more) positively than anyone else, and we are doing it brilliantly."

He spoke of a "humanised" Bank, of a future when "we can say that we care, that we can cry about poverty, that we can laugh when people have a good time, that we can embrace our clients, that we can feel part of them, where we can tell our kids we made a difference." He had even invited two of his own children to earlier inspirational sessions, "because I want them to be proud of me, I want them to think that what I am doing is different".

But these comments came at the end of an extraordinarily critical session in which the new Bank chief, reviewing progress after nine months as head, alternately cajoled, chastised, implored and berated his listeners. Participants say the atmosphere was by turns subdued, and electric.

The issues were wide-ranging. But again and again, Mr Wolfensohn hammered home one central message with a vivid metaphor: there was a "glass wall" which was standing in the way of his efforts to ensure that the Bank was more efficient as a development agency.

The Bank chief's frustration was palpable: he has staked his reputation on revolutionising the internal culture of the organisation, as an essential prerequisite to improving the Bank's ability to deliver development worldwide.

Among other things, Mr Wolfensohn wants success in the Bank to be judged by the performance of projects rather than the number of loans approved.

At times, his tone bordered on despair: "I don't know what else we can do, in terms of standard or even non-standard approaches, to try to bring change in the institution. I just don't know what else to do.

"How can we get a new basis for working inside the bank? How can we change the atmosphere? How can we move from cynicism, distrust and distance, to risk-taking and involvement?... there is so much baggage. There is a need, somehow, to break through this glass wall, this unseen glass wall, to get enthusiasm, change and commitment," he said.

"I cannot have a situation where we as a group don't have that sense of excitement, commitment, and trust. I don't expect it overnight, but I have to tell you we have got to change this, and I don't know how to do it. I just don't know how to do it."

Bank insiders say his comments were partly designed to shock his audience – the managers whose past performance has inspired widespread distrust among the staff. They say Mr Wolfensohn does not believe his experiment in more effective management is in peril.

But the evidence from internal Bank studies of personnel, cited by him in the meeting, is grim. Results of Bank "focus" (study) groups "undeniably show that there is a lack of trust in management, a huge sense of cynicism and there is some distance which I cannot get my hands on between expressed desire to move forward for change, and commitment in the organisation... there is a palpable reservation in the air."

The distrust is hampering efforts to restructure the organisation. Mr Wolfensohn is keen to improve the Bank's relationships with its clients by creating posts for "country managers" who would be the main point of contact for governments. These country managers would then draw on specialist skills within the Bank through an internal market.

Senior officials say that staff support the principle of this plan, but fear that it will be exploited by the chosen managers, who will exercise favouritism and patronage in the way they use resources elsewhere in the organisation.

This sometimes operates among people of the same nationality and sometimes under "fiefdoms" which have developed over time, officials say.

The studies show that 40 per cent of Bank employees do not trust management. Bank insiders believe this is partly the result of past personnel policies: "When good people don't always get promoted and those promoted are not always good, then the management responsible for that does not engender trust," said one participant in the meeting.

Such a personnel issue was high on the agenda at the meeting: senior staff were unhappy about alleged favouritism on the part of Mr Wolfensohn and his top aides in the choice of individuals for a new training initiative. But questioners soon moved on to other issues. One senior manager took the opportunity to complain: "Up to now, I've had the impression that you thought you had all the answers, and that the message was 'get on board, or get off the ship'."

Others spoke of a "culture of approval, a culture where people don't express their opinions forthrightly" for fear of jeopardising career prospects. For his part, Mr Wolfensohn said he was astonished at "the lack of interpersonal generosity (and) the lack of a team, a sense of team".

He appealed to his colleagues to do their own independent thinking about change: "I do not have a monopoly on the ideas.... I am enfranchising everyone of you... to come up with some ideas of how we can bring about the change," he said, adding, "there is just something here which the surveys show, and which I can feel, which is inhibiting us... and I just beg you to think about it."

TOUGH TRANSITION FOR HARD-BITTEN BANKER

The drive and passion which James Wolfensohn has brought to his job as World Bank president, coupled with his skills as a lawyer and banker, make the former Australian air force pilot and Olympic fencer a formidable figure. Nine months into the job he needs all these qualities and more if he is to restore drive, purpose, and confidence to an institution which many believe has lost its way. The Bank's record in Africa – its most formidable challenge – has been mixed at best. Accused of undue secrecy and poor performance by many of its projects, it is seen as cumbersome, bureaucratic and sometimes aloof from others in the field. Mr Wolfensohn, 62, a naturalised US citizen, has already made a mark on the Bank, forging closer links with non-governmental organisations as well as the private sector. But it has been a difficult transition for him – from tough-spoken hard-bitten international investment banker, used to getting his way, to a role which requires him to be a diplomat, personnel manager, and catalyst for change in an organisation as large as the Bank, and still so set in its ways.

Politician who dispenses bitter medicine

Former detainee has tough views about South Africa's economy

Moving jobs: Chris Liebenberg (left), Trevor Manuel (bottom right), Alec Erwin (top right)

Mr Trevor Manuel, South Africa's new finance minister, believes the country is "in a state of serious social, political and economic decrepitude". Like many other ministers who are members of the African National Congress, he believes not only that change is critical but that the government can effect it.

He is also clear what the goals of the government must be. Speaking to a Cape Town audience last year he defined them as "greater economic efficiency, increased and innovative productivity, competitiveness and entrepreneurship".

Yesterday's reshuffle, which also transfers responsibility for the government's national programme of reconstruction and development to Mr Manuel, acknowledges that the delivery of jobs and services depends on his ability to promote a more efficient, market-driven economy.

While the private sector broadly agrees with these priorities, the country's biggest companies are riled by his view that "the conglomerates have ensnared the market".

They are also suspicious of assurances from the 40-year-old former political detainee that "we are not anti-big, but we recognise that bigger is not necessarily better".

Mr Manuel, a Capetonian of "coloured" (mixed-race) descent, is the country's first non-white finance minister and the first to be appointed from within the ranks of the ANC.

"They are not postponing the day when we have a real politician as finance minister. This is the real thing," a prominent businessman commented yesterday.

After several years in and out of prison during the 1980s, Mr Manuel was appointed head of economic planning by the ANC in 1991. He has no formal training in finance or economics, but is praised even by his critics for his energy and quick learning. He dedicated his two-year tenure as minister of trade and industry to dismantling the high tariff barriers and inefficient incentives which underpinned the economy during the sanctions era, earning it the nickname "Battleship South Africa".

To date, he has abolished the General Export Incentive Scheme of cash rewards for exporters, phased-down subsidies for the synthetic fuels industry, negotiated South Africa's entry into the World Trade Organisation, and lowered tariffs in line with the General Agreement on Tariffs and Trade – in some cases, even lower.

Business has welcomed his drive for greater competitiveness but complains that it has been offered little in the way of supply-side incentives to sweeten the bitter taste of Mr Manuel's medicine.

Mr Leslie Boyd, chairman of Anglo-American Industrial Corporation, spoke for many when he recently questioned the zeal of Mr Manuel's reforms: "Where are the brownie points that South Africa earned from being holier than Gatt?"

Mr Manuel's attacks on the conglomerates appears to have mellowed in recent months. He accepted that in part their dominance of the domestic economy was a result of the restrictions on black businessmen imposed by apartheid, exchange controls, and isolation from the international economy. But, he warned, this was the consequence of government policy. And, what government did, government could also undo.

However, a draft policy on competition policy, prepared for publication last year, has since been returned to the drawing board.

So intense had speculation become about the policy, in part fuelled by Mr Manuel's refusal to discuss details with leading industrialists, that at a recent briefing with journalists in Cape Town he felt compelled to open his speech with a reminder: "I am not the minister of competition policy. I am the minister of trade and industry."

When it is finally unveiled, though not by Mr Manuel, it is likely still to reflect his view that "the vertical integration, horizontal collusion or cross holdings are far more important as an indicator of uncompetitive behaviour than size or market-share".

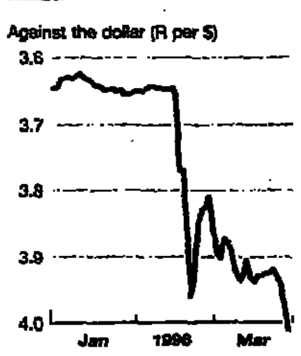
As finance minister, he has pledged to maintain the fiscal discipline and budgetary objectives of his predecessor. But the markets will be wary of Mr Manuel's attempts to remedy what he calls the "deep-seated structural crisis" in the economy.

Mr Alec Erwin, who leaves his post as deputy finance minister to take over at trade and industry, is a linchpin of the alliance between the African National Congress and the trade union movement. A former academic and official in several trade unions, he played the go-between in the stand-off between the government and labour over its privatisation proposals earlier this year.

His entry into the debate over competition policy was welcomed by members of the Business South Africa lobby group yesterday. "He is one of the best brains in the government, and at the finance ministry he held a much wider brief," said one. "He will have no problem learning the ropes."

Roger Matthews and Mark Ashurst

Rand



Source: FT Extel

INTERNATIONAL NEWS DIGEST

Rabin inquiry assails Shin Bet

Israel's official inquiry into the assassination of Prime Minister Yitzhak Rabin yesterday criticised the country's security services for failures of intelligence and procedure. The findings of the three-man state commission came a day after Yigal Amir was found guilty of murdering Mr Rabin in November last year and sentenced to life imprisonment.

The commission attacked Israel's Shin Bet security agency for ignoring intelligence information that a Jewish extremist might try to kill the prime minister. It said that Mr Rabin's bodyguards thought that "stones or tomatoes" might be directed at Mr Rabin at a Tel Aviv peace rally but not bullets. The Commission recommended punitive measures against three Shin Bet officials but said the Shin Bet head who resigned recently should not be punished further.

Meanwhile, Israeli security forces yesterday arrested more than 370 Palestinians in the West Bank as part of a continuing action against Islamist extremists. *Julian Ozanne, Jerusalem*

Court holds up BCCI payment

Legal moves in London may delay the first payment to creditors of the Bank of Credit and Commerce International of a first dividend of 20p in the pound. BCCI collapsed in 1991 with initial debts of $14bn. More than 100,000 creditors around the world were expecting to get their first dividend this summer from a global settlement put together by liquidators Deloitte & Touche. The High Court in London was asked by the liquidators to dismiss claims by four groups of creditors who said they had the right to be paid first, in full. Sir Richard Scott, the vice-chancellor, has given two of the groups time to file evidence to back up their claims.

Former bank employees are making a claim along with a group of banks led by the Faisal Islamic Bank. Similar claims by the Luxembourg banking regulator have been dismissed, according to Deloitte & Touche.

The liquidators are resisting all the actions and describe them as "queue jumping". *Jim Kelly, London*

China backs total N-test ban

China has joined the other four declared nuclear powers in supporting a total nuclear weapons test ban, but will not back down on an exception for "peaceful nuclear explosions". Addressing a United Nations conference in Geneva, Mr Sha Zukang, chief Chinese delegate, said China was prepared to agree to treaty language prohibiting "any nuclear weapon test explosion". The US, France, Britain and Russia have already endorsed a "zero-yield" treaty, though Russia has yet to accept the detail. China, the only nuclear power still testing, says it wants a test accord this year. But its demand to be able to carry out peaceful nuclear explosions is a big obstacle to completing the treaty on time. *Frances Williams, Geneva*

Nigeria welcomes Boutros Ghali

Nigeria's military government, an international pariah over alleged human rights abuses and lack of democracy, has promised full co-operation with a United Nations fact-finding mission arriving in Lagos yesterday. Officials said the team, sent by Mr Boutros Boutros Ghali, UN secretary-general, at the request of the Nigerian government, would stay until April 6 and would have unhindered access in the country.

"All necessary co-operation and assistance that will enhance their job would be provided for them," said Mr Auwalu Yadudu, legal adviser to military ruler General Sani Abacha.

Nigerian pro-democracy activists, wary that the mission would not be allowed to operate freely, said on Wednesday they wanted to meet it to explain issues about Nigeria. Nigeria, Africa's most populous nation of nearly 90m, has been in turmoil since June 1993 when the army annulled a presidential election to restore democracy. It has been under a world spotlight since November when nine minority rights activists including writer Ken Saro-Wiwa were hanged for the murder of four pro-government chiefs. The UN mission was invited by Nigeria's government to look into the trial and executions and also to study the programme for restoring democracy. *Reuter, Lagos*

UN ponders sanctions on Sudan

A proposed resolution was circulated privately among members of the United Nations Security Council yesterday to impose arms, aviation and diplomatic sanctions on Sudan until it extradites three men to Ethiopia to face charges of trying to kill Egyptian President Hosni Mubarak. Mr Mubarak escaped unharmed when his entourage was fired on shortly after arriving in Addis Ababa last June 26 for a summit meeting of the Organisation of African Unity.

The draft resolution, obtained by Reuters, is a follow-up to one adopted unanimously on January 31 calling on Sudan to surrender the wanted men for trial and to stop "assisting, supporting and facilitating terrorist activities". Sudan says it has been unable to find the suspects, has no indication that two of them ever entered Sudan, and denies any involvement in terrorism. *Reuter, New York*

Ugandan leader faces election

Uganda yesterday announced a presidential poll for May 9 when President Yoweri Museveni will face the electorate for the first time in his 10 years in power. Two other candidates are confirmed: Mr Paul Ssemogerere of the opposition Democratic party and educationalist Mr Mohammed Mayanja, a political unknown. *Reuter, Kampala*

Immigrants help City of Angels to take wing again

Latinos and Asians, with the family as the main engine, are driving a southern Californian recovery, writes **Christopher Parkes**

The City of Angels was given up for lost in the maelstrom of natural, social and economic calamities of the early 1990s. Freeways collapsed, companies and people fled.

But if earthquake and riots rocked the structural and social fabric of Los Angeles, and recession consumed its manufacturing base, they also exposed an unexpected resilience in the community, most notably among the young, ambitious and tight-knit Latino and Asian ethnic groups.

One result is that the southern Californian city's business is enjoying its full share of the economic benefits afforded by the broad-based economic recovery sweeping the state.

Another is that the new Californians will eventually come to wield political clout to match their growing economic power.

Mr Richard Riordan, a former venture capitalist and now the city's mayor, sees all the signs of economic and political transformation in the very areas torn by rioting in 1992.

"The homes in South Central are the only ones which have maintained their value," he says. As house prices in many middle-class Anglo areas have fallen up to 50 per cent during the past few years, it has become increasingly common for two or three Latino families to club together to share a home.

In Watts, for example, blacks are being squeezed out and Spanish-speakers now account for 70 per cent of the population compared with 60 per cent two years ago.

"I predict that, in 15 years, Los Angeles will again be a town with a strong middle class, mainly Latinos and Asians. They will make relatively less money than the average middle-class citizen today, but there will be more houses with two, three or four wage-earners," suggests Mr Riordan.

In five years, he expects to see more Latino voters emerging to join the already active Asians. According to Mr Gary Mendoza, deputy mayor, the family is the main engine for increasing prosperity in the city's minority communities. There is little grassroots interest or experience in using government to advance their interests, he says.

While Mr Riordan contemplates the future impact of demographic change on the city's political landscape, the effects on the economy in the city which ranks as the main immigrant entry point in the US are already evident.

Southern California's recovery, the resurgence of the film and entertainment industry

Riordan: sees good signs

and booming trade with Asia have been extensively documented. Less visible is the substructure of small and medium-sized businesses, frequently owned by members of ethnic minorities, which teem in areas once considered doomed.

Koreatown, wrecked in the 1992 riots, is completely rebuilt and its prosperity is evident to the most casual observer. "Toytown" flourishes in the former warehouse district, close to the city centre. According to Mr Joel Kotkin, a senior fellow at the Pepperdine Public Policy Institute, it is home to some 500 toy distribution companies employing 6,000 with aggregate annual revenues of $1bn.

Virtually all the proprietors are immigrants from Vietnam, China, Latin America and Korea. Deferring to his birthplace, Mr Charlie Woo, whose MegaToys business sparked the phenomenon, says: "Los Angeles is the new Hong Kong."

Adding weight to this claim is the revival of the downtown fashion district. "The garment industry is way up again this year," says Mr Riordan. Thanks to its small-company base, it can respond quickly to fashion and demand swings at home and in export markets, he adds.

"It is here that you see Los Angeles as it has always been – a town for small and medium businesses."

The mayor, who suffered several humbling political reverses in the early days after his 1993 election, has had more success lately with his attempts to address the electorate's interests directly rather than trying to influence its economic fate through political initiatives.

Thanks to the founders of Los Angeles – many of whom trekked west to escape corrupt political practices – the office of mayor has little real power.

Most of the clout is vested in the city council, which took its opportunity to put Mr Riordan in his place early in his term – the inexperienced newcomer was characterised as the champion of well-off white people – when he proposed privatising the city's international airport to pay for more police.

Public sector unions were easily roused to help abort his plans to contract out public services.

However, the mayor is gaining ground through his efforts, as he says, to "empower" entrepreneurs, and smooth the way for bigger businesses. He has to his credit the establishment of the Community Development Bank, with more than $600m of private and federal assets to fund new businesses in deprived areas.

Most recently, he announced a $400m preferential federal loan towards the cost of driving a new rail link across town between the marshalling yards of Union Station in the centre of town and the twin ports of Long Beach and Los Angeles.

Apart from speeding exports, it will also serve to ease the jams caused by the 200-plus level crossings on the existing tracks which daily compound the city's notorious traffic snarls.

Across town, Mr Riordan has belatedly supported local efforts to smarten up Hollywood. Although it is a seedy shadow of its former self, it still manages to draw 5m tourist visitors a year. The mayor, according to Mr Mendoza, views the historic Hollywood "trademark" as one of the city's most valuable assets.

Yet, here again, the revival initiative started in the local business community. The El Capitán theatre, a Disney property on Hollywood Boulevard, is now the highest-grossing cinema of its size in the US.

A privately funded Hollywood Entertainment Museum will open this year. Private funds are restoring landmarks such as the Max Factor building and the Egyptian Theatre.

"People are drawn into Planet Hollywood restaurants to see movie memorabilia and pay $6 for a hamburger," says Mr Mendoza.

"Think what they might pay for Hollywood live."

California: the state of the state

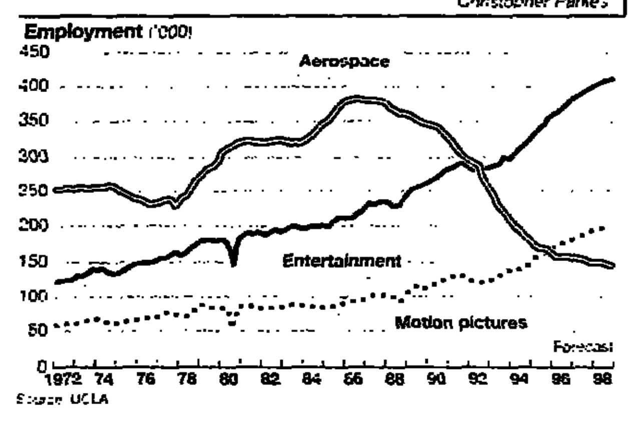
California will gain almost 1m new jobs over the next three years as the surge out of recession continues, according to forecasts by the University of California, Los Angeles. Movie-making, entertainment and business and professional services will account for most of the growth, while manufacturing employment will stabilise.

Real incomes and retail sales will rise at rates not seen since the early 1980s, and unemployment will fall gradually to around 6.5 per cent by the end of 1998

Those are the main features of UCLA's closely watched spring economic review, which is markedly more upbeat than its "moderately optimistic" projections last December. That forecast was based on unduly pessimistic expectations of fourth quarter retail sales, and more modest forecasts of employment growth.

Real incomes in the state rose 5.4 per cent last year, and are expected to grow 4.7 per cent this year and 4.4 per cent in 1997 before growth slows to 2.4 per cent in 1998. New job creation, starting at 3 per cent annually this year, will also tail off to 1.8 per cent, the report says.

Christopher Parkes



Congress sends line-item veto bill to president

By Nancy Dunne in Washington

Congress yesterday sent the White House draft legislation to give the president unprecedented power to veto parts of budget and tax bills.

The line-item veto bill allows the president the authority to single out for elimination specific spending programmes, tax benefits aimed at groups of 100 people or fewer, and new entitlements included in larger appropriations bills.

Approval of the measure by the House of Representatives yesterday followed its passage in the Senate on Wednesday night. President Bill Clinton said the bill would "ensure that our public resources are put to the best possible uses during these times of tight budgets."

He is expected to sign it into law soon.

At present, presidents can only veto spending bills as a whole, making it impossible to isolate low-priority or "pork barrel" spending items for deletion.

Republicans are claiming the legislation as a big victory. Its passage was promised in their Contract With America manifesto of 1994. Mr Clinton, a former governor of Arkansas, also urged passage of the measure, saying such laws had often been effectively used at state level.

However, the new federal law is likely to be challenged in court and may be found unconstitutional on the grounds that it hands too much power to the executive.

The US constitution gives Congress the prime authority over the public purse, and all spending and tax bills must begin in the House. Congress had always jealously guarded this authority.

The congressional attachment to its budget responsibilities began to weaken during the presidency of Ronald Reagan, which ended in 1989.

When tax cuts and heightened military spending failed to eliminate deficits, as promised, driving the deficits to very high levels, Mr Reagan began to press for the line-item veto.

This, he said, would allow him to remove the "pork" – public works contracts or programmes often slipped into bills by powerful congress members for their constituents.

Opponents of the new measure see it as a gimmick. The US budget deficit is driven less by individual spending bills than by major tax and spending decisions, usually negotiated by individuals in both parties, critics say.

The measure will merely allow a president to look virtuous on television, when he pronounces one programme or project unworthy, the critics add.

Markets approve successor

Argentine chief of cabinet quits

By David Pilling in Buenos Aires

Argentina's cabinet chief resigned yesterday, removing a strong figure from the centre of the administration.

Mr Eduardo Bauzá, seen as the country's most powerful politician after President Carlos Menem, had shown great skill in maintaining cabinet equilibrium and in negotiating controversial legislation through Congress.

His successor will be Mr Jorge Rodriguez, education minister, described by associates as a "political neutral" of "very low profile." Aged 51 and an agronomist from the province of La Pampa, he is unlikely to carry the political weight of his predecessor.

Unlike Mr Bauzá, who has been a close friend and political ally of Mr Menem since the 1970s, Mr Rodriguez does not enjoy a close relationship with the president. Mr Bauzá, whose chronic hepatitis has forced him to "choose between my job and my life", is likely to continue as an important, though less active, presidential adviser.

Markets were relieved to learn of Mr Rodriguez's appointment. It had been rumoured that Mr Carlos Corach, interior minister, was to become cabinet chief. He has had a stormy relationship with Mr Domingo Cavallo, economy minister, who is considered to be vital in preserving economic stability. Appointment of Mr Corach as cabinet chief would have been a blow to the already weakened economy minister.

Mr Rodriguez "has never fought with other members of the cabinet, least of all with Mr Cavallo," the education ministry said. Allies of Mr Cavallo said Mr Rodriguez's appointment could help to calm recent cabinet tensions provoked by differences over policy and personalities.

The new chief will inherit significant authority in policy areas such as state reform, privatisations, the post office and telecommunications. Mr Bauzá had recently won control over these areas, largely at the expense of Mr Cavallo. Any weakness on the part of Mr Rodriguez could unleash new politicking in the cabinet.

Mr Rodriguez will be charged with pushing through Congress reforms making it easier to hire and fire workers. This legislation, considered vital by Mr Cavallo to attack record unemployment, is likely to meet stiff opposition in Congress. Growing discontent at continued recession has led some politicians to question the thrust of economic reform.

OBITUARY: SHIN KANEMARU

Fallen godfather of Japan's LDP

A colourful chapter in Japan's political history ended yesterday with the death, at the age of 81, of Mr Shin Kanemaru, the fallen godfather of the ruling Liberal Democratic party.

Mr Kanemaru's rise and humiliation marked – and in some ways actually was – the hubris and nemesis of the LDP.

It was in government for an unbroken four decades until losing an election – partly as a consequence of his misdoings – three years ago. Mr Kanemaru had little direct influence in recent years, and the shift to a more open style of government that accompanied his downfall is widely accepted as unstoppable.

If the late Mr Kakuei Tanaka, the most popular prime minister in LDP history and Mr Kanemaru's mentor, crafted the system of faction rule, then Mr Kanemaru was the faction system's master operator. He was also destined to take the rap for its defects, corruption and lack of responsiveness to the electorate.

Mr Kanemaru, master of the LDP's most powerful and most corrupt faction, met his nemesis when he resigned as party vice president in 1992, after having to admit, in response to allegations leaked to the press, that he had received an illicit Y500m ($4.7m) political gift from a parcel delivery company. At first, it looked as if Mr Kanemaru would get away with a Y200,000 fine for infringing political funding rules. But press criticism of such a trifling penalty eventually left him no choice but to fall on his sword.

Public distaste of pork-barrel politics reached a climax after a police discovery, a year later, of a spectacular Y5bn hoard of gold bars, cash and bank debentures in Mr Kanemaru's home, the war chest he had used to keep up his position as a behind-the-scenes power broker. Television pictures of police wheeling crates of bullion from his luxury house have ever since tainted the LDP and become a reminder of the dark side of Japan's economic boom.

It was a turning point. Until that moment, the Japanese electorate was little offended by political corruption. From then, an unacceptably strong taint of scandal became fatal for any ambitious politician, as several have since discovered to their cost.

The incident caused Mr Kanemaru to collapse as quickly as the economic bubble. Physically devastated by the embarrassment, Mr Kanemaru appeared in court in a wheelchair to deny charges of evading more than Y1bn of income tax.

But his worsening diabetes caused the trial to be suspended soon afterwards. Mr Kanemaru returned to his home constituency of Yamanashi, in the shadow of Mount Fuji, where a stroke finally released him from the threat of imprisonment.

Exposure of the godfather's illicit riches did more than just inflame public opinion. It triggered a bitter power struggle for control of the Kanemaru faction, leading to the defection in 1993 of a group of politicians led by his frustrated would-be successor as faction chief, Mr Ichiro Ozawa.

That was the first crack in the fragmentation of the LDP and the starting signal for the past few years of unstable coalition governments, something which was said to cause Mr Kanemaru concern. Now the LDP is back in power, in a coalition with its old enemy the Social Democratic party, with the opposition led by Mr Ozawa.

Like many of the people who hold real power in Japan even today, Mr Kanemaru preferred to operate in private rather than compete for the highest official office. In 38 years in parliament, he held only three cabinet posts.

The son of a sake brewer, he was educated at Tokyo University of Agriculture. It was anything but a training ground for the top but did put him among the generation of rural politicians, led by Mr Tanaka, who elbowed aside a bureaucratically trained political elite in the 1980s for dominance of the LDP.

Mr Kanemaru's skill was in holding together bickering factions, spending many hours in the bars of Tokyo's political district, putting together shared interest groups and overseeing order in the party rota for cabinet posts.

In this way, he is credited with putting into power three prime ministers and winning the tacit co-operation of the then Socialists, the main opposition group until 1993.

He could be ruthless as well as diplomatic. His withdrawal of support for one former prime minister, Mr Toshiki Kaifu, forced the unfortunate Mr Kaifu to step down in 1991, despite his then popularity.

He looked and sounded the part of behind-the-scenes manipulator. A piercing stare was discernible under Mr Kanemaru's hooded eyelids. He spoke in a husky mumble, so unintelligible that puzzled journalists had to ask him to repeat his astounding confession of illegally receiving cash.

Even at the height of his power, many – especially in the bureaucracy which disliked him – suspected that Mr Kanemaru's clout had more to do with financial than intellectual firepower. He was, for example, instrumental in winning closer relations with North Korea and China and putting together Japan's financial contribution to the Gulf war.

But this roving ambassador occasionally let his eagerness to strike a deal create serious problems at home. On one occasion, in 1990, he promised former North Korean leader Kim il-Sung financial compensation for the sufferings of colonial rule under Japan. The offer, which could never materialise, angered the South Koreans and inflamed nationalist sentiment in Japan so much that a rightwing group later tried to assassinate Mr Kanemaru.

Reuter

Shin Kanemaru (right), the godfather of Japanese politics, shaking hands in 1991 with Kiichi Miyazawa, who had just received the necessary blessing ahead of taking the leadership of the Liberal Democratic party and the country

Mr Kanemaru's chapter, however, awaits an epilogue. By coincidence, his secretary is due today to be sentenced for conspiring with him to evade taxes. Mr Kanemaru once said he owned up to receiving illicit donations only because he detested the Japanese tradition of allowing politicians' aides to take the blame for their masters. It may have been a disingenuous attempt to turn embarrassment into a sporting gesture. Either way, the Tokyo district court will pay little respect to the wishes of a godfather from political history.

Standard & Poor's weighs Asian banking systems

Singapore pips HK in ratings

By Peter Montagnon, Asia Editor, in London

Singapore has pipped its arch-rival Hong Kong to the post in having the most secure banking system among the emerging countries of Asia, according to Standard & Poor's, the US rating agency.

"Top-notch regulation and well-disciplined management have yielded high capital ratios and hidden reserves for Singapore's banks, putting the country's banking system at a par with or better than that of many mature industrialised countries," said Mr Roger Taillon, S&P Managing Director.

Hong Kong's banks are slightly more exposed to economic and industry risk, he said at the launch of S&P's new monthly bank rating service, though they should be able to cope with the handover to China next year without serious adverse repercussions.

Research by S&P shows the emerging markets of Asia are often lucrative territory for banks. The lush spreads, and rising business volumes contrast markedly with the eroding profitability of developed country banks because of competition from the securities markets and over-banked conditions, he said.

But the risks of sudden banking problems were higher in volatile emerging markets, he said, with a greater prevalence of systemic risk in individual national markets. The only concern in Singapore was the possible erosion of asset quality from regional expansion and exposure to the property market. Hong Kong's banks might have to cope with the impact of a possible drop in property prices and liquidity pressures in connection with next year's handover.

S&P identified Taiwan, South Korea and Malaysia as having the next safest banking systems. Beyond that, risks increase with Thailand the next riskiest country, followed by Indonesia and the Philippines.

Bank profitability remained good in Malaysia, even though interest rates had been liberalised, Mr Taillon said. "On a negative side, problem loans, which include leftovers from the 1980s crisis, are high and rapid growth in loans adds to concerns that this problem could be aggravated."

The weakest Asian banking systems were those of China and India, whose banks suffer from "massive" asset quality problems.

These were caused by lending to priority industrial sectors in India and state-owned companies in China, but bank credit ratings in those countries should hold up because of the strong connection between the banks and government.

Manila's rocky road to economic change is price of democracy

Sweeping changes: the main measures

Deregulation of the oil industry, including the liberalisation of politically sensitive petrol and crude oil prices. The oil price stabilisation fund, which has acted to shield domestic prices from global fluctuations, will be scrapped. The sector, which is controlled by three oil companies, will be opened to foreign competition. Tariffs on crude oil and refined downstream petroleum products will be slashed from 10 and 20 per cent to 3 per cent and 7 per cent respectively.

Abolition of quantitative restrictions on all agricultural imports except rice, which will be liberalised over the next decade. The tariffication of farm imports will start at 100 per cent for some products but gradually be reduced to a uniform tariff of 4 per cent on all goods by 2004 under a regional trade agreement.

Privatisation of Manila's water and sewerage system. Pioneered by the International Finance Corporation, the initial blueprint for the auction of Manila's water networks to concessionaires by the end of the year was approved by the government yesterday. The US$5bn privatisation is open to foreign bidders, but Philippine companies will retain majority control. Manila will be split into two concession areas.

Scrapping of remaining obstacles to foreign investment in the country, including the negative C list, which had debarred 100 per cent foreign ownership of various insurance and trading concerns. The minimum capitalisation for foreign companies was slashed from US$500,000 to US$200,000. The Philippines will also move from the Home Consumption Value valuation of imports to the transaction value method in line with international practice.

Approved or soon to be approved by the government are several public transport contracts, including a US$660m elevated rail project for Manila, a US$550m skyway road bisecting the city and an expressway linking the capital to the southern port of Pagbilao.

Other reforms awaiting legislative approval this year include the opening up of the retail sector to 100 per cent foreign ownership and the introduction of a comprehensive tax system.

It has been a difficult 10 months for the administration of President Fidel Ramos since the ruling party coalition won congressional elections last May. The signing into law of several much-awaited reforms yesterday and the announcement that Manila's water system would be privatised in December are the first tangible fruits of last May's poll victory, after months of frustrating prevarication.

Last May's elections had created expectations that the government would rapidly push through the important remaining planks of its economic reform programme, and propel the country towards industrialised status.

But a series of crises, including the doubling of rice prices which pushed inflation to 11.8 per cent and popular opposition to oil price increases and an expanded value-added tax, reminded international markets that the Philippines – unlike some of its neighbours – is a democratic society.

"In the Philippines it is always two steps forward, one step backwards," said Professor Alex Magno at the University of the Philippines. "This is the price of democracy. We are now going forwards again after stepping back a pace or two last year."

Despite losing a large chunk of the ruling party coalition to defections, President Ramos appears to have won over enough congressmen in the last few weeks to push through what remains of his "Philippines 2000" agenda.

The only question mark is whether the congress will pass vital tax reform measures intact this year and allow an expanded value-added tax to go through unmolested.

Even on VAT there are signs the president has run out of patience with congressmen opposed to fiscal reforms.

Mr Roberto De Ocampo, secretary of state for finance, said last week Mr Ramos would be prepared to use the presidential veto for the first time to prevent VAT-cutting measures being passed into law.

"Mr Ramos is a very consensus-oriented politician," said Professor Julius Caesar Parrenas at the University of Asia Pacific.

"So the threat of exercising the presidential veto would mark a significant departure from his normal style of government. He's clearly got it at the back of his mind that there are only two years left before he must stand down."

Economists say the measures signed yesterday will put wind into the sails of the government's internationally acclaimed economic programme, and help lift gross national product growth this year to rates of 6.5 to 7 per cent. The reforms will also help boost foreign direct investment in the Philippines and fortify the confidence of foreign investors.

As a prelude to yesterday's move forward, Mr Ramos made it plain the country would be under the international spotlight this November when it hosts the Asia Pacific Economic Co-operation (Apec) summit of 18 regional leaders.

Edward Luce

Bhutto acts over curb on powers

By Farhan Bokhari in Islamabad

Ms Benazir Bhutto, the Pakistani prime-minister, yesterday announced her government would seek a review of a supreme court decision that curbs the government's powers to appoint judges, a verdict that sparked widespread anxiety about the country's constitutional framework and the powers of government.

Ms Bhutto said in the meantime her government would implement the judgment, which required the government to consult the upper courts before appointing judges to the supreme court and the four provincial high courts.

The government also announced it would begin proceedings to appoint permanent chief justices to three of Pakistan's four provincial high courts in the provinces of Punjab, Sindh and Baluchistan, where the high courts are being presided over by acting chief justices.

The supreme court's judgment has split Pakistan's lawyers. Many have welcomed the judgment on the grounds that it would end government interference with the judiciary. Critics charge that past Pakistani governments had often appointed temporary judges, known as "ad-hoc" judges, in an effort to influence judicial decisions. "Ad hoc" judges have been vulnerable to government pressure because they could be transferred from one court to another at short notice.

But lawyers who support the government say the supreme court's decision would undermine the executive's authority in appointing judges. Under the verdict, the government would need to consult chief justices of the superior courts before appointing judges.

In a speech to the national assembly in Islamabad, Ms Bhutto said; "Without prejudice to our position, and while recording our reservations, we have started implementing the order (of the supreme court". However, Ms Bhutto said: "A quandary arises as to what an executive is to do when the [supreme] court gives a judgment which many believe may violate the constitution."

The opposition Pakistan Muslim League, led by Mr Nawaz Sharif, has welcomed the verdict as a victory for the rule of law. Mr Sharif said the government had lost its legal right to rule the country, by attacking the judgment rather than complying with it.

Ms Nasim Zehra, a Pakistani journalist said; "The premier has decided to fight back but it appears that the government may be on slippery ground, because the country's sentiment seems to be increasingly with the judgment".

ASIA-PACIFIC NEWS DIGEST

Sino-UK dispute over ceremony

Britain and China yesterday failed to resolve differences on a planned ceremony to mark Hong Kong's return to Chinese sovereignty next year, amid signs of increasing strains between the two sides. Speaking after a session of the Sino-British joint liaison group, Mr Hugh Davies, Britain's chief negotiator said: "This is not an easy discussion and we are having difficulties."

The setback coincides with tense relations prompted by a dispute over China's moves to scrap the territory's elected legislature, and claims by a senior Chinese official that Hong Kong's top civil servants will have to pledge support to a provisional legislature that is to replace the existing body. Britain and China have also clashed over the formulation of the budget for 1997-98. Chinese officials argue the budget should not be submitted for approval to Legco because it is to be replaced. *John Ridding, Hong Kong*

Sri Lanka hit by 4-hour cuts

Work in Sri Lanka's factories and offices has been disrupted since a daily four-hour power cut started six days ago, but the Ceylon Electricity Board said yesterday the savings would not be enough to avert a total blackout within three weeks. Electricity engineers blame the government for not heeding their advice to impose blackouts at the start of the year, so shorter cuts over a longer period would cause less disruption.

"The entire country will be in darkness from about the middle of April if there are no substantial rains in between," said the Ceylon Electricity Board Engineers Union. The country depends on hydro-power for over 80 per cent of its electricity. *Amal Jayasinghe, Colombo*

Thai current account deficit falls

Thailand's current account deficit fell sharply in January but money supply ballooned in February, signs that although the country's investment cycle may have peaked, administrative measures to slow the inflax of short-term capital may not be working. January's deficit was Bt21.7bn (£5.56bn), down from December's Bt31.7bn. February's trade deficit was Bt33bn, down from Bt37bn the month before, a sign that next month's current account may improve. *Ted Bardacke, Bangkok*

هكذا من الأصل

GrandMet discovers the spirit of Confucius

By Tony Walker in Beijing

Confucius says: drink more Gilbey's gin. That might suggest itself as an advertising slogan for Grand Metropolitan of the UK, which announced yesterday a joint venture in the great sage's birthplace. International Distillers and Vintners, the drinks arm of Grand Metropolitan, will invest $27m in the venture with Qufu Distillery to produce and market such brands as Smirnoff vodka and Gilbey's in China.

The joint venture, to be known as Qufu Shengying International, will continue marketing the Confucius Family Liquor brand, a sorghum-based spirit popular throughout China.

International Distillers will have a 67 per cent share in the venture whose plant will be located in Qufu, about 300km south-east of Beijing. It plans to begin producing international spirits brands later this year.

Mr Dennis Malamatinas, president of IDV Asia Pacific, described China as a "market of enormous potential". He said the partnership with Qufu distillery was in line with the company's strategy of entering new markets with a well established local enterprise.

The joint venture would enable IDV to produce a range of its brands locally and would also provide the company with access to a wider consumer market. IDV brands on sale in China include, apart from Smirnoff and Gilbey's, J & B whisky, Cinzano and Dunhill cognacs.

"The formation of the Qufu Shengying International Distillers is a further example of IDV continuing to build its investment in the Asia Pacific region, where it now operates in 15 countries," Mr Malamatinas said.

The market in China for western spirits and wines accounts for an estimated 15m cases a year, including 1m cases of imported spirits, half of which is cognac.

A distribution monopoly held by the state-owned Sugar, Tobacco and Wine wholesale organisations is breaking down. New distribution channels are being opened and competition is increasing.

IDV hopes to follow a similar route in China to that in India where it claims to have been the first international company to have produced its own specially developed national brands, including Spey Royal Scotch whisky. Sales in India last year reached 700,000 cases.

Trouble looms for US-Japan air accord

By Michiyo Nakamoto in Tokyo

Japanese officials expect further troubled relations with the US over air transport despite yesterday's outline accord on expanding air cargo flights.

Both the US and Japan had been keen to reach an agreement before a scheduled visit to Japan by President Bill Clinton next month and ahead of a looming March 31 deadline.

"This is a win-win situation. This is a great day for Japan and the United States," said one US official yesterday.

However, celebrations over the accord are expected to be short-lived. While most cargo carriers have been granted extra flight rights, the agreement left the thorniest issue unresolved – the two countries' different interpretations of "beyond rights".

The US takes the view that "beyond rights" provide US carriers with unrestricted rights to fly to Japan, pick up an unlimited volume of cargo and fly from there to a third country.

The Japanese, however, argue that since the main purpose of "beyond rights" for US carriers is to fly cargo from the US to a third destination via Japan, the volume of cargo they are allowed to pick up in Japan should be restricted.

Meanwhile, there are concerns in Japan over an emerging dispute over passenger flights, as Japanese transport authorities warned about possible sanctions if the US failed to approve a Japan Air Lines flight from Tokyo to Kona, Hawaii. JAL has already more than 400 seats booked for the first flight on Monday.

However, the US accuses Japan of failing to live up to the 1952 bilateral aviation accord by withholding approval for a United Airlines flight from Osaka to Seoul. The dispute over air passenger traffic is expected to be even more contentious than the air cargo talks.

Under the cargo agreement, Northwest Airlines, Federal Express and United Airlines will be permitted to serve three additional points in Japan and to operate from any US city. United Parcel Service will have the right to fly into Kansai International Airport and up to two points beyond in other countries.

On the Japanese side, Japan Air Lines will be allowed unlimited cargo flights to three additional US cities from Japan, bringing the total to eight US cities, and unlimited "beyond rights" from the US to third countries.

Nippon Cargo Airlines, an all-cargo carrier, will increase the number of US cities it serves from four to seven and its weekly flight frequencies from 11 to 18. NCA also won the right to operate limited services beyond the US.

Aluminium producer sets up London joint venture with Swiss trader

Russian smelter finds new partner

By Kenneth Gooding, Mining Correspondent

Krasnoyarsk, the second largest aluminium smelter in Russia – and the world – is setting up a joint venture in London with Glencore, the Switzerland-based international trading group, to give the Russian company direct contact with western customers.

The arrangement to form Krazpa Metal is another blow for Trans-World Metals, the London-based trading group, which was Krasnoyarsk's biggest supplier of raw materials and buyer of its aluminium after the collapse of the Soviet Union.

Trans-World attempted to protect its position by acquiring, via Russian associates, 20 per cent of Krasnoyarsk when it was privatised, only to find this holding struck off the share register which was directly controlled by the smelter management.

Trans-World is fighting in the Russian courts to have its holding reinstated, and a company official said that if the action was successful, all arrangements concluded by the smelter after the register was changed were likely to be overturned.

Mr Yuri Kolpakov, general director of Krasnoyarsk, insisted yesterday that the Trans-World holding had been "illegal". He said the smelter was now controlled by a financial-industrial group made up of several organisations based in the Krasnoyarsk region of Siberia. He was a member of that group's management.

Mr Willy Strothotte, Glencore's chairman, said that any argument about control of Krasnoyarsk would not affect his group but only the new 50-50 joint company. He said Krazpa was the culmination of a relationship between Glencore and the smelter that stretched back many years – "although we had our ups and downs in the early 1990s."

Krazpa would enable the smelter to get closer to its western markets and would provide training for Krasnoyarsk personnel in metals trading.

Mr Alexander Ratnikov, chairman of Krazpa, said the new company this year would provide raw materials for Krasnoyarsk to produce 130,000 tonnes of aluminium for delivery to the west. Krazpa would also buy 30,000 tonnes of high purity aluminium from the Russian smelter.

The smelter was producing at its full capacity of 750,000 tonnes a year, said Mr Kolpakov. A start had been made on a $1.2bn, eight-year project to upgrade the smelter without interrupting output. Krasnoyarsk had provided $150m from profits towards this scheme last year.

The project would require western help with technology and financing. Pechiney of France, Kaiser Aluminum of the US and Hydro Aluminium of Norway had all expressed an interest.

Shell wary of Russia's oilfields law

By Robert Corzine in London

Royal Dutch/Shell has formed a joint venture with a Russian oil company, Evikhon, to develop and operate oilfields in western Siberia.

But the Anglo-Dutch oil group said the future of the venture would depend on the implementation of Russia's controversial production-sharing law, designed to attract tens of billions of dollars in foreign investments, which was approved in December last year.

"We want to start working as soon as possible," said Mr Alan Parsley, a director in charge of new business development at Shell International Exploration and Production. "But we have great concerns over profits and we must be sure of the commercial conditions. We must first bring tax laws in line with Russia's production-sharing law, to have negotiations with the government."

The production-sharing legislation was revised by parliament, and foreign oil companies have said the law in its current state is far from what they hoped to see. It requires parliament's approval to exploit certain areas, including continental shelf reserves.

The legislation also gives Russia the right to cancel deals if world oil markets move sharply and it limits western companies' ability to sue in international courts. It is also unclear on some tax issues.

"The production-sharing law does not really fit in the current legisation system. Other pieces of legislation should be amended to make it work, and the law must be amended as well," said Mr Frans Rooy, Shell's legal adviser.

Mr Richard Mann, general manager of Shell's Russian unit, Shell Neft, said he hoped tax issues could be reconciled with the production-sharing law by the end of 1996.

"We hope this will be done soon. Otherwise we wouldn't have signed the joint venture agreement," he said.

The Russian government said last month it would amend the law, taking into account comments by western investors.

Estimated recoverable reserves in the Salym area where the venture will operate are 139m tonnes of crude oil. Recovery should start in 1998 and reach projected levels of 6m tonnes a year by 2003. The two companies have already started to test oil production from five wells in the area.

Shell and other western oil companies such as Exxon and Mobil plan to invest in various projects around the Far Eastern island of Sakhalin, but these projects are also on hold until tax and legal issues are reconciled with the new law.

WORLD TRADE NEWS DIGEST

Honda secures Hanoi go-ahead

Vietnam yesterday gave permission to Honda to build a $100m motorcycle assembly plant near Hanoi, becoming the third foreign company to enter the country's booming motorcycle market.

The Japanese company last year signed a joint venture agreement for the plant with Vietnam Engineering and Agriculture Manufacturing Corp, under the Vietnamese ministry of industry. Honda's 70 per cent stake is held 42 per cent by Honda Motor and 28 per cent by Honda's Thai subsidiary, Asian Honda Motor.

Mr Yoshihisa Takase, chief representative of Honda Vietnam, said the plant would start producing 100cc motorcycles at the end of 1997, making 200,000 units a year at first, rising to 450,000 by 2005. Some motorcycles would eventually be exported, he said.

Industry analysts say demand for motorcycles in Vietnam this year is likely to reach 350,000 units, as increasingly affluent urban Vietnamese turn from the traditional bicycle to motorcycles. Honda, which dominates the market with its "Dream" model, sees demand rising by between 8 and 10 per cent a year, Mr Takase said.

Although the joint venture will start by assembling the motorcycles, it will have to ensure that 60 per cent of the final product is made from locally manufactured parts within five to six years. *Jeremy Grant, Hanoi*

Daewoo's $3bn Europe plan

Daewoo Electronics said yesterday it was considering investing up to £2bn ($3bn) to build several factories in western Europe. This would include the £1.2bn semiconductor plant in Northern Ireland in co-operation with Texas Instruments already announced.

The South Korean company is planning to build three or four factories to manufacture washing machines and refrigerators, with possibly another to make components for microwave ovens. This reflects the group's ambitions to become one of the world's five biggest white goods producers within the next decade.

Daewoo already operates a washing machine factory in Poland that produces 300,000 machines a year. It announced last week that it would build a refrigerator plant in Bilbao, Spain. Earlier this week, Daewoo announced that it would invest £14.8m to expand production at its VCR plant in Northern Ireland. *John Burton, Seoul*

■ Electrical transmission and distribution equipment specialist Reyrolle, part of the Rolls-Royce Industrial Power Group, has won two orders from Dubai. The contracts, each worth £20m, are for extensions to three electrical substations which Reyrolle constructed in 1993 for the Dubai Electricity and Water Authority. *Chris Tighe, Newcastle*

■ BHP Transport, part of the Australian resources group, has won a logistics contract to service the business being set up by Ikea, the Swedish-based home furnishing group, in Malaysia. BHP said the contract would cover warehousing and transport of Ikea products. *Nikki Tait, Sydney*

■ Peru has accepted a $70m credit line from the Export-Import Bank of China for the purchase of Chinese-made capital goods. The amount to be financed in each trade contract must be repaid over seven years at an interest rate of Libor, plus a margin to be negotiated. Under its 1996 budget, the central government may raise its $27bn external debt by $2bn this year. *Reuter, Lima*

NEWS: UK

Minister warns against hasty Emu rejection

By Gillian Tett, Economics Correspondent

The UK risks losing investment from other countries if it stays outside a strong European single currency, Mr Kenneth Clarke, the chancellor of the exchequer, warned yesterday.

If investors decided that the single currency area was a more stable economic region, they would chose to build factories there instead of in Britain, Mr Clarke said.

His comments came as he presented a robust defence of his "wait and see" position about UK membership of a single currency.

In recent weeks Mr Clarke has become increasingly isolated in the UK cabinet over his opposition to a referendum on the single currency. However, he yesterday insisted that "it would be a terrible mistake" to rule out membership of a single currency block.

Speaking to the House of Lords committee on monetary union, he denied that he was favour of monetary union "come what may." But he admitted that staying out could carry risks. One of these was that investors might chose to invest in a single currency block if that looked more stable.

The possibility that the UK would conclusively rule out membership of a single currency was an issue which "worried people investing in the UK," he warned. A second risk of staying outside was that it might lead to discrimination within Europe.

Any calls for new protective trade barriers against weak currency areas - of the sort that have recently been heard from some French industrialists - would be illegal, he stressed. But there was a possible risk that countries outside a single currency area could lose political influence - a threat he intended to fight.

Meanwhile, the question of how a future European Central Bank would guard the interests of those outside a single currency area was extremely important, and hitherto unresolved.

Mr Clarke insisted that it was too early to tell when or if Emu would happen. However, he stressed that the Maastricht criterion should be applied strictly. Nevertheless, his comments came amid fresh doubts about whether the UK will meet its Maastricht criterion on government debt.

The Central Statistical Office yesterday said that government deficit as a proportion of gross domestic product was 6 per cent in 1995. This was higher than expected - and well above the Maastricht criterion for a 3 per cent deficit level.

His comments about the relationship between those inside and outside a single currency came as the UK prepares to take part in a meeting of finance ministers in Verona, Italy, next month.

Fifty MPs in the opposition Labour party yesterday served notice on Mr Tony Blair, the party leader, that they were prepared to oppose his commitment to further European Union integration, James Blitz writes at Westminster. In a move which exposes the depths of Labour's divisions on Europe, the MPs announced the formation of a group campaigning for a manifesto commitment that sterling should not enter a single currency in the lifetime of the next parliament.

The group, called A People's Europe, has been sponsored by many of the party's best known anti-Europeans, including two former ministers, Mr Peter Shore and Mr Tony Benn. Most of its adherents are on the left of the party and believe a single currency would tie the hands of a future Labour government over taxation and investment policy.

Mr Blair's office played down the importance of the group.

Review may boost offer to Names

By Ralph Atkins, Insurance Correspondent

Lloyd's of London's ruling council is mount a complete review of its ambitious recovery plan in special meetings over the next two weeks which is expected to pave the way for an increased settlement offer to lossmaking and litigating Names.

Mr David Rowland, Lloyd's chairman, has called the meetings as hard hit Names increase the pressure on auditors involved in litigation at the insurance market to provide more than £150m towards the cost of the recovery plan.

Names' action group leaders are warning that without a higher contribution, auditors would be excluded from any deal - leaving them vulnerable to further costly legal action.

Names (individuals whose assets have traditionally supported Lloyd's) also want Lloyd's agents, which handle Names' affairs and run underwriting syndicates, to increase substantially their proposed £200m contribution.

LLOYD'S
LLOYD'S OF LONDON

Together with £100m secured from insurance brokers, the agents' and auditors' contributions would push the size of the out-of-court settlement plan well above £3bn from the current £2.8bn. Lloyd's, however, remains tight-lipped on the size of the eventual revised offer.

Meanwhile, the Gooda Walker Action Group, one of the largest and most influential groups representing lossmaking Names, is balloting members on "indicative" statements despatched earlier this month. These provided a first indication to Names of the cost of drawing a line under their affairs at Lloyd's but were based on a £2.8bn settlement "pot".

Final bills are due to be sent out at the end of May. Results of the Gooda Walker ballot are expected next week.

As well as the out-of-court offer, the recovery plan includes a giant reinsurance company, Equitas, set up with Names' funds. This will take over billions of dollars of outstanding US pollution and asbestos-related claims.

● Lloyd's has moved to have dismissed a potentially highly damaging legal case brought by securities regulators in California which alleges that investment in the market was "mis-sold". Failure to block the case could seriously undermine Lloyd's recovery plan.

Fourth consortium quits trials of motorway tolls

By Charles Batchelor, Transport Correspondent

Government plans for electronic tolls on Britain's 2,700km motorway network are in disarray after a fourth consortium said it planned to withdraw from trials. All British motorways apart from short stretches in tunnels and on bridges are toll-free.

Testing of competing technologies at the Transport Research Laboratory's test track were due to have started late last year and trials on the M3 motorway were to take place in mid-1996. Both have been delayed for a further six to 12 months.

The transport department originally announced in 1993 that it hoped to have a nationwide electronic tolling scheme in place by 1998. But one equipment supplier said it thought 2004 was now the earliest date tolls could be introduced.

The latest consortium to withdraw from the trials is Tollstar, which is headed by Peek, the UK's only listed specialist traffic management company. It said it was not prepared to continue with the project as currently conceived.

Tollstar was one of eight consortia selected to carry out trials from the 29 groups which originally bid to take part. The three other consortia to withdraw over the past four months were Autolink UK, which included 3M; Siemens Traffic Controls, which also involved Lockheed; and Tollway, which include W.S. Atkins and Serco Systems.

The companies which have withdrawn from the project said they were concerned the government would not want to press ahead with a proposal which could cost motorists money in advance of a general election, according to a report in today's Economist newspaper.

They were also worried at the vagueness of the technical specification; the government's unwillingness to share the development costs; and the prospect of long delays.

Minister to defend jobs policy

The government is convinced next week's jobs summit of the seven main industrialised nations at Lille in France will endorse Britain's flexible labour market model as a way to reduce unemployment, our Employment Editor writes.

Mrs Gillian Shephard, the education and employment secretary, said yesterday UK ministers would not be "gloating" about their country's "achievement" in reducing unemployment and creating jobs.

But she believed the other main industrialised countries agreed on the need for structural reform and strict fiscal policies to keep inflation low and government expenditure stable. "There is no other way; they envy us, particularly our low non-wage labour costs."

British ministers are particularly pleased to find they are not alone in their opposition to the inclusion of the issue of so-called social clauses in trade agreements to protect labour standards on the Lille conference agenda.

Japan and Canada back the UK position, and the subject will be discussed only briefly. The UK government accepts that Mr Jacques Chirac, the French president will be keen to use the jobs summit to explain his social market model to deal with his country's rising unemployment.

Gatwick Express sale nears

The National Express coach group is poised to take over passenger train franchises for the Gatwick Express and Midland Main Line companies if it can convince the competition authorities that there are no monopolies objections, our Transport Correspondent writes.

Mr Roger Salmon, rail franchising director, said yesterday that National Express was the preferred bidder for the two franchises. Their sale would bring to four the total number of franchises to be allocated although a fifth, for East Coast InterCity, is expected to be awarded to Sea Containers.

The Office of Fair Trading has 39 days in which to decide whether there are any objections on competition grounds to the takeovers. National Express runs coaches on routes which compete with Midland Main Lines' services between London St Pancras and Leeds via Leicester, Nottingham, Derby and Sheffield.

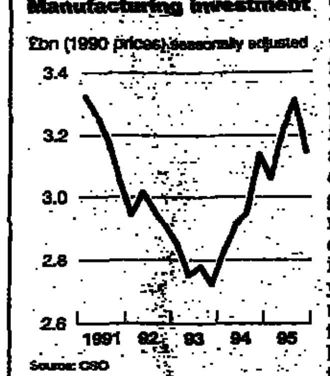
Mr Adam Mills, deputy chief executive, said the company had been provisionally awarded a 15-year franchise for Gatwick Express where it planned a complete replacement of its ageing trains and a 10-year franchise for Midland Main Line. On this line it plans to introduce new trains from 1999 so as to double service frequencies to destinations north of Bedford to two an hour from one at present. It has held talks with four rolling stock manufacturers about new trains.

UK ECONOMICS DIGEST

Membership of unions declines

Trade union membership has fallen to its lowest level in Britain since the second world war, official figures show. In 1994, there was a 5 per cent drop to 8,230,545 workers belonging to unions. This was the 15th consecutive year of decline after union membership peaked at 13.2m in 1979. Fewer than one in three employees are trade unionists, or 5m less than at the end of the 1970s. Union finances, however, appear to be improving. Their total net assets rose by 4.4 per cent in 1994 to £568m ($863m) while their gross income increased by 17.5 per cent to £724m. *Robert Taylor, Employment Editor*

Manufacturing fears ease



Fears for the long-term health of manufacturing industry were eased when official figures confirmed that the drop in factory investment last year was not as great as suspected. Higher than expected spending on engineering machinery and on investment in the chemical sector meant that government statisticians revised down estimates of the overall decline in investment in the fourth quarter of last year. Seasonally adjusted manufacturing investment in the fourth quarter was 5 per cent lower than in the third quarter at constant prices, the Central Statistical Office said. This was better than the picture presented by earlier figures which had startled City of London economists by showing a 9 per cent drop in investment.
Graham Bowley, Economics Staff

Engineering turnover up

Engineering turnover increased slightly in January, fuelling hopes that the manufacturing climate may be improving. The rise followed a slightly weaker picture in November and December. However, the rise in January took turnover only to October levels while the level of orders on hand remained fairly static. The data therefore suggested that any improvement in climate was still occurring only gradually.

The Central Statistical Office said that the total turnover in the engineering industry rose by a seasonally adjusted 1.6 per cent in the three months to January, compared with the previous three months. The rise was 4.3 per cent compared with the corresponding period a year before. *Gillian Tett, Economics Correspondent*

Milestone for satellite TV

Cable and satellite television has this month broken the 10 per cent share of viewing barrier in the UK for the first time, Mr David Elstein, director of programmes at British Sky Broadcasting, said at a TV Summit conference of broadcasters. The biggest stake in BSkyB is held by Mr Rupert Murdoch's media conglomerate. The share of total TV viewing attributed by BARB, the official television ratings organisation, to cable and satellite channels exceeded 10 per cent in the week which included the broadcast of the Bruno/Tyson boxing match on March 17. In that week the new channels beat a terrestrial channel, Channel 4, for the first time. *Raymond Snoddy, Industry Staff*

CONTRACTS & TENDERS

The BSE crisis 'British have inflicted their problems on the rest of us and I'm not sure we can survive'

Ministers to hold emergency meeting

Financial Times Reporters in Brussels and London

The European Union has called an emergency meeting of farm ministers on Monday to consider measures to calm EU beef markets in the wake of the crisis over BSE, or mad cow disease.

The market for beef collapsed in the UK with one supermarket reporting a 70 per cent plunge in beef sales following Britain's announcement of a link between BSE and the human brain disease Creutzfeldt-Jakob disease. Demand has dropped by 30 per cent across the EU and prices have dropped by between 10 per cent and 40 per cent as EU consumers shun beef.

The UK government hammered out final details of its strategy for restoring confidence in British beef yesterday. It is understood to include a programme of destruction of older cattle when they reach the end of their working lives, costing up to £550m a year.

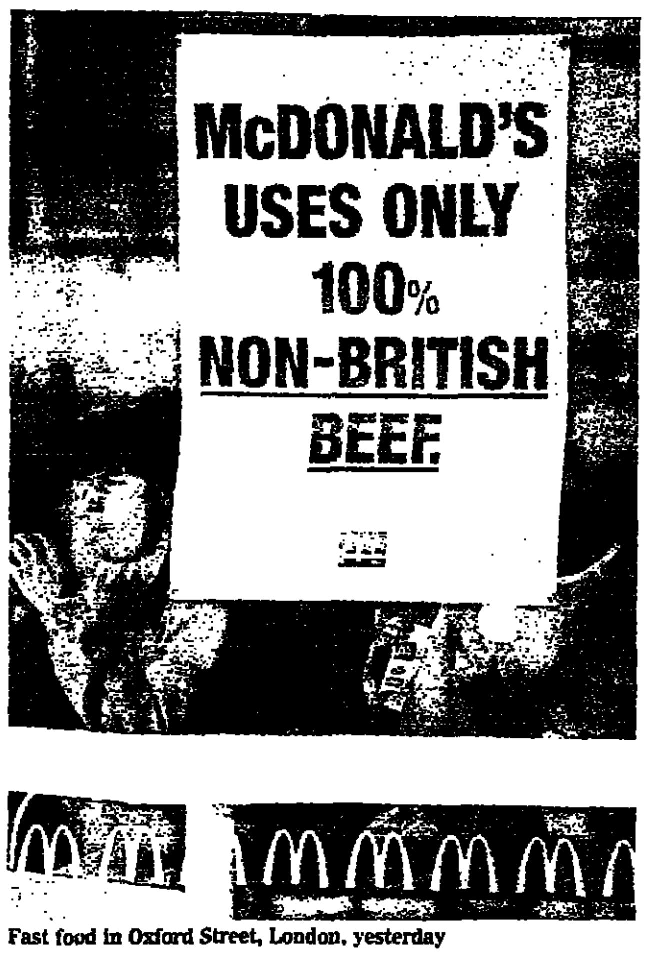
Downing Street officials yesterday said they hoped for an early resolution to what they admitted was "a huge crisis", and for the lifting of the EU's export ban.

A spokesman said: "The aim is to come to a proposal supported by the Commission to restore confidence in British beef. The lifting of the ban would be a signal step in restoring confidence."

Mr Richard Packer, permanent secretary (top minister) at the UK Ministry of Agriculture, is expected to meet Mr Fischler today with the question of EU financial support for the slaughter programme near the top of the agenda. Mr Fischler said it was necessary to "act very quickly" given the serious situation in the British market where beef was no longer saleable.

The European Commission agreed a worldwide ban on British beef on Wednesday in an effort to prevent the crisis spreading to the EU.

Beef sales slump spreads across EU



Fast food in Oxford Street, London, yesterday

By Deborah Hargreaves in London

Mr Ludwig Gruber, a Bavarian beef farmer, was angry with Britain yesterday after the collapse in European beef prices. "The British have inflicted their problems on the rest of us and I'm not sure we can survive at this rate," he said.

Mr Gruber, who has a herd of 120 bullocks in the Danube valley near Regensburg, had agreed to sell 20 for slaughter this week but the local abattoir cancelled. "It's a huge problem, consumers aren't buying beef and neither are the slaughter houses. No one is making a price for bullocks right now."

Mr Gruber's complaints are echoed by farmers across the European Union, where beef demand has slumped by 30 per cent on average since Britain first announced the link between bovine spongiform encephalopathy and Creutzfeldt-Jakob disease.

Mr Franz Fischler, European agriculture commissioner, imposed a world ban on British beef and beef products this week to try and shore up consumer confidence. But shoppers across the EU are shunning beef wherever it comes from.

Other countries such as Egypt, Libya and the United Arab Emirates have banned all imports of EU beef. Mr Ivan Yates, Irish agriculture minister, was on his way to Egypt yesterday to try to arrange the landing of 7,000 live cattle at the port of Alexandria.

"Our trade with Egypt is worth I£200m a year and we are suffering because the image of EU beef is that it is unsafe," said Mr Kevin Kinsella, director of livestock at the Irish farmers' union.

In Ireland, where sales of older cattle are fast grinding to a halt and prices have dropped by between 10 per cent and 40 per cent, farmers were calling on the European Commission to restart the intervention system. The Commission's beef management committee meets today to consider steps for supporting the market.

Some EU countries have tried to take their own steps. Mr Philippe Vasseur, French agriculture minister, said yesterday at an emergency meeting with farmers, that any case of BSE in French cattle would lead to the whole herd being destroyed.

The Dutch government plans to start slaughtering 64,000 British calves next week which had been bought for veal production. The programme will cost Fl 55m in compensation for farmers and for replacing the stock by buying from other European countries.

A consignment of Northern Irish beef is to be incinerated in the Cantabria region of northern Spain today, although local health authorities said the meat was perfectly fit to eat. Import controls were tightened in Spain in the last few days, with 50 tonnes of British beef impounded

One of the large cattle markets at Parthenay in northwest France saw its numbers halved yesterday with only 400 animals for sale. The price fell by FFr3 per kg to FFr17 per kg.

"It is a big problem for French farmers because they can't sell their produce and they are expecting the price to drop further next week," said Mr Christophe Soullard of the French farmers' union.

"Consumers in Germany are just not buying beef," said Ms Uta Meiners of the German farmers' organisation. The Bavarian beef industry usually slaughters 2,600 cattle a week and has all but closed down.

Mr Mario Maritato, secretary-general of the Italian meat trade federation said that Italian beef sales had fallen by between 20 and 30 per cent in the last few days.

Additional reporting by David White in Madrid and Andrew Hill in Milan

Government declines $210m of Brussels aid

By George Parker, at Westminster

The UK government was last night accused of taking a hypocritical approach to supporting farmers after it emerged that ministers have turned down over Ecu175m ($210m) of Brussels grants for rural areas.

The European Commission has cancelled its offer to help English farmers' marketing and packaging initiatives because the government said it did not want the money. The decision to withdraw the funds, due to be paid between 1994 and 1999, was taken by the European Commission last week. Money will still be available for projects in Scotland and Wales.

The agriculture ministry decided to withdraw from the scheme because it did not want to pay a 5 per cent contribution on top of the EU money. "The UK requested the cut in aid because it said it needed to contain public expenditure and fund other priorities in England," a Commission official said.

The centrist Liberal Democrat party yesterday accused the government of pursuing a "suicidal" policy towards rural areas, and urged ministers to reverse their decision. Mr Robin Teverson, the party's member of the European parliament for Cornwall in south-west England, said: "Our government is not only intent on killing its own farming industry through lack of decisive action on BSE; it is now rejecting vital funds to farmers from Europe. It is scandalous that at a time when some farmers' livelihoods are on the line, the government is saying 'No' to around £150m in grant aid."

The cash is available through an EU restructuring programme for rural areas called Objective 5a. Around 50m Ecu will still be available for Scottish and Welsh farmers who are thought to need special assistance.

News of the preferential treatment for Scotland and Wales will infuriate farmers in south-west England, where the BSE crisis is most keenly felt. "When will this government learn there are farmers in England, especially in the south-west, that need the same help as others?" Mr Teverson said.

The Ministry of Agriculture decided to withdraw from the EC processing and marketing grants scheme as part of cuts announced in last November's Budget.

Kangaroo meat could soon appear on British school menus, Peter John writes. Freedown, an importer of exotic foods, says education authorities in London and the west of England county of Dorset had expressed an interest in finding a substitute for beef.

"It's been mayhem," said Mr John Bengué, one of the company's two partners. "We have been inundated with calls and, from a turnover of around £50,000 ($76,000) last year, we are now projecting annualised sales of some £300,000.

Freedown was established two years ago by Mr Daniel Russell to market the venison produced by his brother's farm in Blandford, Dorset. Soon afterwards, Mr Russell expanded into kangaroo, which he imported from Australia. Then, with Mr Bengué, he moved into ostrich, emu, wild boar, bison and crocodile from Zimbabwe.

They have already had an approach from a division of Whitchurch, the meat processing group, which is looking at supplying ostrich burgers – an established delicacy in South Africa – to offset some of the damage to its sales of traditional burgers.

UK NEWS DIGEST

Trains to Paris squeeze airline

British Midland, the UK airline, said the impact of the Eurostar train service between Paris and London had forced it to drop its flights between Orly airport in Paris and London Heathrow. The airline had three flights a day to Orly. It intends to continue its eight flights a day between Heathrow and Charles de Gaulle airport in Paris. British Midland said last year it had not lost passengers as a result of Eurostar. The airline said yesterday that Eurostar had now had an effect, but it had always been hard to persuade UK passengers to fly to Orly, which was less known in Britain than Charles de Gaulle.

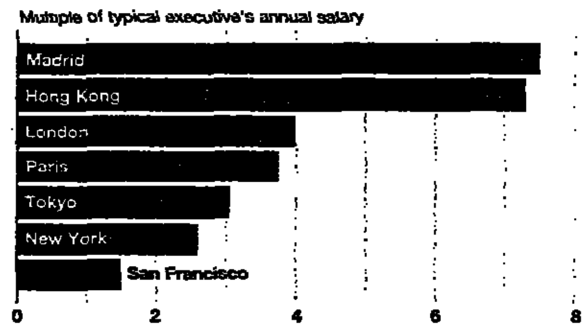
Michael Skapinker, Aerospace Correspondent

Sydney standards win praise

Sydney and San Francisco provide some of the world's most desirable living conditions for globe-trotting executives, according to accommodation comparisons from Knight Frank International, the UK firm of real estate agents. It makes lifestyle comparisons between 11 of the world's cities, balancing salaries against housing costs, school fees, commuting times and how leisure time is spent. On that basis, it says,

Relative cost of a home

Multiple of typical executive's annual salary



Source: Knight Frank International

London is still one of the world's most expensive cities for executives. Schooling costs in London, Hong Kong and San Francisco are between 3 and 5 per cent of annual earnings, it says, whereas in Madrid they are 10 per cent. Offsetting this, a four-bedroomed house in Madrid would cost about $500,000 compared with with $900,000 in London and $1.9m in Hong Kong.

Richard Donkin, Employment Staff

Leukaemia link denied

There is no direct link between radiation and the high rate of infant leukaemia close to the Sellafield nuclear plant in north-west England, said government scientists on the Committee on Medical Aspects of Radiation in the Environment. Their report into the incidence of cancer and leukaemia in young people in the area confirmed that in the village of Seascale there was a "continuing excess" of cases. But "on current knowledge, environmental radiation exposure from authorised or unplanned releases could not account for the excess".

James Harding, Westminster

Pipeline study: The British and Irish governments are conducting a feasibility study for a gas pipeline between Northern Ireland and the Republic of Ireland. The survey, expected to cost £240,000 ($367,000) will go for tender in the next few weeks. The study is to be 50 per cent funded by the European Union under its Trans European Network programme.

LANARKSHIRE

New life in the ruins

Five years of regeneration efforts are starting to bear fruit after the mass closures of the Scottish steel industry in the past two decades, writes James Buxton

A few months ago Lanarkshire made the national headlines with a piece of good news that contrasted sharply with the economic gloom of its recent past.

It had won one of those spectacular inward investments for which there is passionate competition among the regions of Britain and, indeed, the countries of Europe.

The Taiwanese company Chung Hwa said it was going to spend £260m establishing a plant making cathode ray tubes for televisions and computers at Mossend. When it is complete in 1999 it will employ 3,300 people.

By coincidence that is about the same number of jobs that were lost in the closure between 1990 and 1992 of British Steel's Ravenscraig steel complex at Motherwell, after a decade of furious polemics about its threatened demise.

Not only will Chung Hwa Picture Tubes bring a new industry requiring relatively skilled jobs to Lanarkshire; there are indications that other companies from Taiwan will follow it by setting up associated plants in the same area.

For Lanarkshire, a region of about 630,000 people to the east of Glasgow which is still one of Scotland's manufacturing heartlands, it was a climax to five years of economic regeneration efforts which began when it became clear that the closure of most of its steel industry was imminent.

Since 1991 about £250m of UK government and European Union money (the latter totalling £31m) has been spent by the Lanarkshire Development Agency, the local enterprise company, on retraining the workforce, creating new business locations, raising the performance of existing companies and improving the environment.

"We could have let our heads go down and thrown in the towel, or we could have dug deep and found new energy to address the issues," says Mr Terry Currie, the director of business development at the LDA. "We did the latter, and we are now in the very early stages of reaping the fruits of it."

Lanarkshire was one of the cradles of the industrial revolution – Robert Owen's mills at New Lanark in the south of the county were built in the late 18th century and are now the area's biggest tourist attraction.

But the closure of Ravenscraig exposed an economy where too many people depended on a single large employer and where many companies were similarly vulnerable.

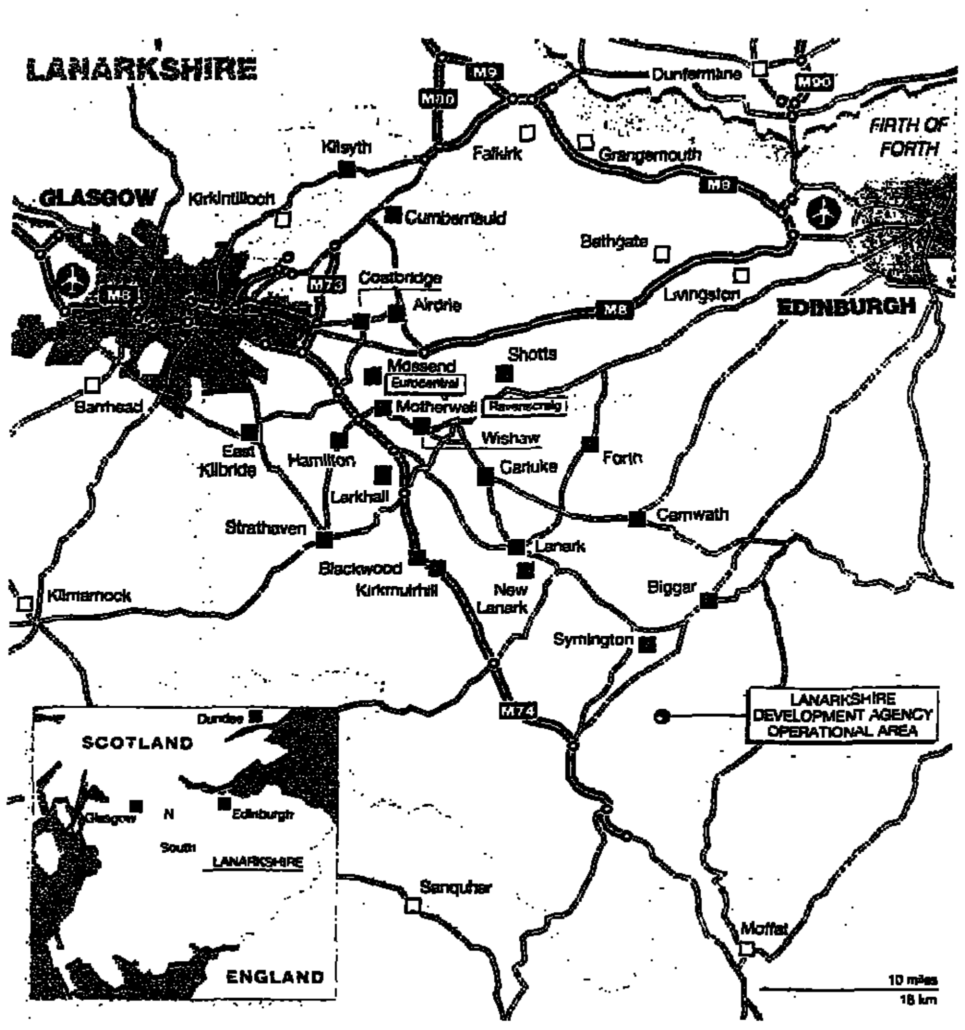
"It was a large firm economy," says Mr Currie. "You get a pretty stable economy like that and you don't have to worry about change. But it was not a breeding ground for entrepreneurs."

The strategy for regenerating Lanarkshire has focused partly on encouraging companies to move in and establish themselves.

The area between Hamilton, Motherwell, Coatbridge and Airdrie has already attracted modern manufacturing and distribution operations because of its location at the crossroads of the M74 north-south motorway and the M8 Edinburgh-Glasgow motorway. The new town of East Kilbride is a successful centre of high tech industries.

But new areas for expansion were needed. Before the LDA was created the Scottish Development Agency acquired sites for industrial and office development.

One of the most striking is now the Strathclyde Business Park which covers 155 acres and attracts high quality occupants.



The government also established an Enterprise Zone on about 500 acres spread over nine sites, to attract companies with the tax, business rate and planning concessions over 10 years, beginning in 1993. It also located Scotland's Channel Tunnel rail freight terminal at Mossend, adjoining the zone. Chung Hwa alone is taking 20 per cent of the zone's space.

Not surprisingly the favourable treatment Lanarkshire has received has caused resentment in other areas, especially Glasgow which finds it more difficult to attract new businesses. Since April 1991, when the first tranche of steel industry redundancies occurred, Lanarkshire has attracted 73 inward investment projects, many of them from England.

Although a working group set up by the government warned in 1991 that Lanarkshire would become one of the worst areas for unemployment in Scotland after Ravenscraig closed that has not happened.

Registered unemployment in the LDA area peaked at 14.1 per cent in January 1993, with male unemployment reaching 20.1 per cent.

But it is now around 8.8 per cent with male unemployment at 11.6 per cent – though both figures are above the averages for Scotland. Generous training packages initially cushioned the steel closures' impact.

"As people see new factories and offices going up and are trained on customised training programmes, local morale goes up," says Mr Iain Carmichael, who becomes chief executive of the LDA next month.

However, confidence suffered a severe jolt last month when Cummins, the US diesel engine maker, unexpectedly announced that it was closing its plant at Shotts with the loss of 700 jobs. The plant had been in existence for 40 years and had a loyal, skilled workforce.

The closure, from which last ditch government and LDA efforts managed to salvage 180 jobs for a short time, only emphasised that, as Mr Niall McGilp of the LDA says, "a strategy depending only on inward investment is a high risk strategy". That makes it important for Lanarkshire to

Continued on facing page

■ **ECONOMIC DEVELOPMENT:** by James Buxton

Gritty determination

Local enterprise as much as inward investment lies behind many of the success stories

Not every fast growing company in Scotland is the product of an inward investment.

In Lanarkshire, one of the successes of the last few years has been the spectacular growth of Retronix, a start-up which now employs 800 people in Coatbridge.

Retronix is the creation of Mr Tony Boswell, who decided to set up his own company to repair damaged printed circuit boards after his previous employer turned down the idea. It now employs about 800 people and serves the big Scottish plants of multinational electronics companies such as Motorola, International Business Machines and Sun Microsystems. It also provides contract labour for them.

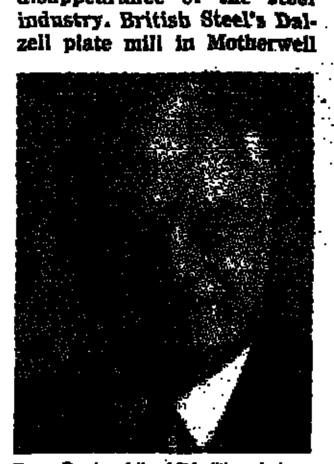
Retronix is one of the fruits of the Entrepreneurship Programme set up by the Lanarkshire Development Agency to train experienced executives in running their own business. The LDA felt that over the years large sums of money had been spent by official agencies on trying to encourage very small start-ups which frequently did not succeed, and that too little attention has been paid to more promising ventures.

The Entrepreneurship Programme is now recognised by the Department of Trade and Industry as a model it wants to see replicated elsewhere in the UK. According to Ms Carole McCarthy of the LDA it has led to the formation of 48 new businesses employing a total of 1,300 people, including Retronix, with turnover totalling £20m.

The advantage of encouraging indigenous companies, says Mr Terry Currie, director of business development at the LDA, is that "you don't get the total wipeout you can face with overseas inward investment" – a point underlined by the recent announcement of the closure of the Cummins engine plant at Shotts.

Even at Cummins there is a good chance that part of the plant can become an indigenous business through a management buyout of the large machine shop, initially to supply Cummins' other UK plants but also to supply other customers.

Fostering indigenous industry is also a necessary policy to help make up for the virtual disappearance of the steel industry. British Steel's Dalzell plate mill in Motherwell


Terry Currie of the LDA: "there's less risk of wipeout by local companies"

employing about 500 people is the last survivor. But though nearly 2,000 people in local supplier companies lost their jobs because of the final closure of Ravenscraig in 1992, fewer than 10 companies were totally reliant on it.

British Steel (Industry), the BS subsidiary which assists

> Manufactured exports showed a 50 per cent increase in 1994

areas affected by steel closures, has a significant operation in Lanarkshire. It provides workspaces for young companies on an "easy-in, easy-out" basis, according to Mr Vernon Smith, the managing director, including a complex of workspaces on the Strathclyde Business Park.

It also provides finance for businesses with up to 100 employees and has invested £1m a year in Lanarkshire in the past three years, usually putting between £25,000 and £30,000 into each.

Mr Currie says Lanarkshire accounted for 7.5 per cent of business startups in Scotland in 1994 based on VAT registrations and would like to get to 10 per cent by 1998. The development agency assists small companies through the network of enterprise trusts. It also has a programme to help companies with more than about 20 employees move into export markets, assisting them in taking stands at trade fairs and exhibitions.

Much of the emphasis is still on manufacturing and although the proportion of Lanarkshire's labour force employed in manufacturing has fallen in the last few years it is still around 23 per cent compared with the average for Scotland of 18 per cent.

Lanarkshire also accounted for six per cent of Scotland's total manufactured exports in 1994, according to the survey by the Scottish Council Development and Industry, an increase of nearly 50 per cent over the previous year.

Most of that increase was accounted for by a near doubling to £501m in exports of electrical and electronic engineering products, reflecting the performance of companies such as Motorola and JVC at East Kilbride.

JVC makes televisions. Motorola makes semiconductors at East Kilbride, where it employs about 2,500 people and recently completed a £250m expansion. The semiconductors are used in applications such as mobile telephones – made at the US company's plant at Easter Inch in West Lothian – and in the fast growing number of other electronic applications in cars and other products.

Other local companies involved in the electronics industry include PCI, a Singapore company which designs and manufactures electronics products for bigger manufacturers. It employs 150 people in East Kilbride. Peter Tilling Plastics in Larkhall also supplies plastic parts to the electronics industry.

A newly formed company named Telecom Sciences recently acquired a business telephone systems plant at Airdrie from Philips, the Dutch electronics company. It will continue supplying Philips under contract but will also develop other markets.

■ **LANARKSHIRE ENTERPRISE ZONE:** by Patrick Harverson

A surprisingly quick start

Opened in 1993 to attract investors, the zone is well ahead of its 10-year rolling target

Less than three years after its creation, the Lanarkshire Enterprise Zone is on something of a roll.

When the zone was created the original target was to develop 5.5m sq ft of industrial, commercial and office space on the nine separate sites by the end of its 10-year life in 2003.

Yet the zone has 850,000 sq ft of space built or under construction, another 400,000 sq ft of new buildings in the pipeline, and work has already begun on the big picture tube plant for Taiwanese electronics group Chung Hwa that will quickly add another 2.5m sq ft.

Within three years, halfway through the life of the zone, almost 70 per cent of the target for business space should be met – and that is without the further developments that might be established within the zone in the intervening years.

Aside from Chung Hwa, which will ultimately bring 3,300 jobs to the area, others to have taken space in the enterprise zone have included the US chemicals group Du Pont, Kwik-Fit Insurance Services, Scottish & Universal Newspapers, Courtaulds and Retronix, a fast-growing Scottish contract manufacturer in the electronics industry.

In total 35 companies have located in the zone, bringing with them about 1,500 jobs. With Chung Hwa and other incoming ventures, another 6,610 jobs have been committed to the area.

The Lanarkshire Development Agency, which oversees the zone, estimates about 70 per cent of the jobs have been filled locally. A wide range of businesses operate in the zone, but the predominant trend has been toward companies in the electronic, textile and food industries.

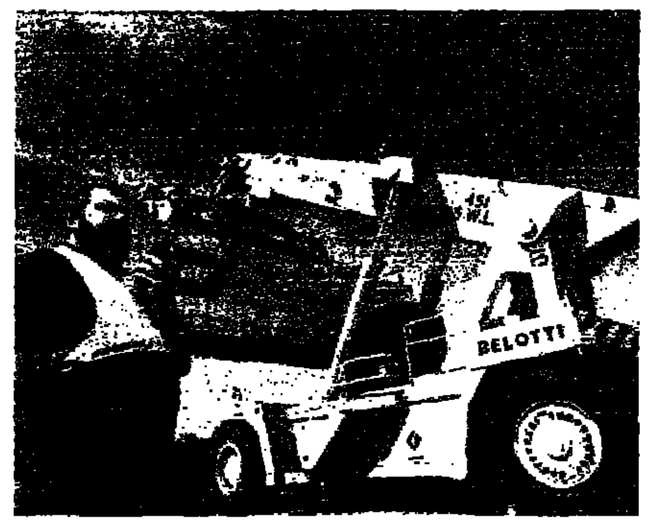
When the 509-acre zone was created in 1993 it was seen as the best way to kick-start the regeneration of the Lanarkshire region following the demise of the local steel industry. At the time it was the first new enterprise zone in the UK for years, the concept having fallen out of favour.

Mr Niall McGilp, director of property and environment at the LDA, says the zones had come to be viewed as ineffective tools of economic revitalisation. "They've always been seen as pretty blunt instruments that encourage a lot of displacement of activity and boundary-hopping. Now we have sharpened it by joining with local authorities and running sophisticated project inquiries."

He says the LDA resisted the temptation to fill the zone with companies seeking to jump into the area to take short-term advantage of the benefits on offer – the exemption from business rates, the 100 per cent allowances on corporation tax for capital expenditure on buildings, and the greatly simplified planning procedures. "We wanted companies locating here for business reasons, for the long-term," says Mr McGilp. "There is now a greater emphasis on inward investment."

Although the Lanarkshire zone is regarded as one of the best in the UK – with an excellent rail, road and air transport network (the Eurocentral rail terminal for Channel Tunnel freight is on the site and hosts 17 scheduled services to the continent a week) and a wide range of high quality sites, many on greenfield locations – the LDA had to spend about £55m preparing the zone, with most of the work done on sewerage, decontamination of former industrial sites and transport links.

However, Mr McGilp says the agency hopes to recoup most of those costs with the help of £14m from the European Regional Development Fund and through the sale or leasing of land and property.



Strategic site: freight handling at Scotland's Channel Tunnel rail terminal

The zone has attracted a variety of property investors willing to develop speculative office, industrial and warehousing space and business parks.

Joint ventures with the LDA are common, and development has been aided by innovative schemes such as the Chrysalis Initiative. Launched by Scottish Enterprise in 1993, the initiative is a special public-private sector partnership vehicle that gives developers access to tax shelter funding to pay for speculative industrial property for inward investment in the zone.

A typical example is Akeler (Scotland), a venture between Scottish Enterprise, the LDA and enterprise zone specialists Akeler Developments of Leeds. The venture's first success was to raise £7.4m from private investors through an enterprise zone trust to build two factory and office units in the zone.

Despite the advances made so far, Mr McGilp admits attracting business to the zone is no easy task. Only last month it lost a project by the electronics group Nokia to build a 700-job plant.

He estimates that at any one time about 50-60 inquiries about setting up in the zone are under way, of which about one in 8 or one in 10 are ultimately successful.

There are plenty of ups and downs, he says. "Inward investment is a game of snakes and ladders. But it's still early days."

■ **CHUNG HWA PICTURE TUBES:** by Laura Tyson and James Buxton

Rays of hope from the East

Taiwan's biggest European investment will employ 3,300 people by 1999

A mass of earthworks on the Eurocentral site at Mossend will by July 1997 become a large plant making cathode ray tubes. "We have to work very hard," says Charles Yu, managing director of Chung Hwa Picture Tubes (UK), with a modest smile, about the challenge ahead of him and his team.

The scale of the project is immense. The first phase will cover nearly 500,000 sq ft and employ 1,200 people. After that another two units will be added, taking employment to 3,300 by 1999. By then the plant will cover at least 1.3m square feet.

Each unit will have one line making cathode ray tubes for televisions and another making computer monitors, a more complicated process requiring more accuracy and extra chemical treatment.

CPT says it will be the most advanced plant of its kind in the world, with production capacity of 10m tubes a year. The £260m project, the largest Taiwanese investment in Europe so far, is part of an expansion programme to consolidate CPT's position as the world's biggest manufacturer of picture tubes. Its aim is to increase production from 20m units in 1995 to 45m units in 2000.

A plant under construction in China's Fujian province is set to begin production in July and existing plants in Taiwan and Malaysia will be expanded.

CPT began searching for a location for its first plant outside Asia in early 1995. It considered Mexico and, in Europe, Germany, France and Ireland and the UK. CPT executives visited Lanarkshire in April but for a time a site at Cardiff Bay in Wales appeared to be favoured.

The decision to select Lanarkshire was taken in late August and announced in November. A key factor appears to have been the skills of the large labour force living within a few miles of the site, many of whom are accustomed from steel industry experience to the continuous process work which cathode ray tube making involves. Lanarkshire is also close to the plants of some of the CPT's major customers in Europe, including Compaq and JVC.

Other factors were the attractions of the 90 acre level site on the enterprise zone and the financial package offered by the Scottish Office and the Lanarkshire Development Agency, which may be worth as much as £80m. CPT is known to be highly effective at negotiating advantageous terms from governments.

The envy of Europe: flanked by Chung Hwa's Europe director Charles Yu, Scottish Secretary Michael Forsyth (r) announces the £260m project

Scotland is not totally unknown to the family-owned Tatung group, one of Taiwan's biggest electronics companies, of which CPT is a part. Its president, Mr W.S. Lin, is fond of lecturing to senior management about a work by the Scottish 18th century philosopher Adam Smith: not the well-known Wealth of Nations but The Theory of Moral Sentiments.

But though CPT is much admired as an industrial company, stock exchange analysts complain about the group's generally low level of disclosure.

"I think CPT's numbers have to be taken with a grain of salt," says an analyst at a European brokerage house in Taipei. "They don't provide any documentation and when you try to contact them, they just refuse to give you any information." Several analysts said they were forced to rely heavily on newspaper reports and other second-hand sources.

One analyst questioned how, in a commodity industry where Japanese and Korean producers of tubes make margins of less than 5 per cent, CPT could claim margins of over 20 per cent, when by its own account labour comprises only 2 per cent of production costs. He and other analysts suspect that CPT's high capital investment is depreciated over a far longer period than those of its competitors.

CPT has been Tatung's cash cow for several years, bringing in virtually all the group's profits, analysts say. The group's consumer electronics and computer businesses are not profitable enough to compensate for the group's relatively heavy short-term debt.

Nonetheless, CPT's strong performance should be maintained at least for the next few years, despite concerns that newer LCD (liquid crystal display) technology now being commercialised by Japanese companies may eventually make cathode ray tubes obsolete.

Mr Yu, the project manager, has run CPT's plants in Singapore and Taiwan. His team of four Taiwanese will reach 20 by the summer. The first 90 Scottish engineers and technicians will be hired in the summer and a further 250 posts will be filled by the end of the year. The first workers to be appointed will be sent for training in Taiwan and Malaysia.

He acknowledges that a smooth startup depends heavily on assistance from the LDA who are advising CPT on the choice of contractors and recruiting staff.

Design consultants have been chosen with the Parr Partnership of Glasgow, the architect and design team leaders. The main construction contractor will shortly be announced and the building should be standing by January next year.

CASE STUDY MOTHERWELL BRIDGE

Mainstay of manufacturing

After the demise of the Ravenscraig steelworks, Motherwell Bridge, the privately-owned manufacturing and engineering group, took on the mantle of Lanarkshire's largest manufacturer.

With about a third of its 3,200-strong workforce employed in the area, Motherwell Bridge will remain the manufacturing mainstay of Lanarkshire until Chung Hwa, the Taiwanese electronics giant, opens its picture tube plant nearby in 1997-98.

While Chung Hwa symbolises the future for industry in Lanarkshire, the almost century-old Motherwell Bridge represents its past.

The group's core business is steel manufacturing and project engineering for the oil and gas industries, the sort of heavy industrial work that once provided the bulk of the employment in Lanarkshire and elsewhere in central Scotland.

Yet it would be wrong to portray the group as a lumbering dinosaur, the sole survivor of a bygone industrial age. It has tried to move with the times, diversifying into new businesses. It is now preparing for a stock market flotation within the next few years.

Originally a builder of steel bridges – hence the name – Motherwell Bridge first diversified into manufacturing for the oil and gas industry during the North Sea boom, and then changed gear again when recession struck in the early 1980s.

Its current strategy of focusing on four separate businesses – manufacturing, project engineering, control systems and distribution and travel – dates back about 15 years, says Mr John Lumsden, the group's current chief executive.

After a good run in the late 1970s, when the group rode the expansion in North Sea storage facilities, the sharp downturn in 1981-82 made management think again. "We were concerned that we were too dependent on the oil and gas industry, and in particular on large capital projects, given the cyclical nature of that business," says Mr Lumsden.

"We still wanted to stay in engineering but we looked at other aspects. So we moved more towards maintenance and the replacement of equipment. Essentially, we looked at other areas we were not exposed to, so it would give us a better balance of profits."

The result was a gradual expansion into three areas: project engineering, admittedly still mostly for the oil and gas industry although diversification needs were satisfied by a concentration on overseas engineering and subcontracting work; control systems, which mostly involved making computerised systems for automated manufacturing lines in the food, drugs, nuclear, pulp and paper industries; and industrial equipment distribution, where, for example, the group became principal agents for Ingersoll Rand air compressors.

The final element was business travel, which one way or another Motherwell Bridge has been involved with for 35 years. Its lack of industrial applications means the travel unit looks like the odd-one-out in the group, but Mr Lumsden says it remains committed to the business travel operation, which he says is a handy stand-alone profit centre.

Although its focus for many years was on diversification, the group did not neglect its core manufacturing activities. Here the strategy has evolved into one of specialisation, notably in the higher value-added end of the market, such as making extra-thick steel and steel with special mouldings.

As in other areas, acquisitions have helped build the core business. Last year Motherwell Bridge bought Clayton, a Leeds-based manufacturing business that was in receivership. The company made storage plant for the gas industry, but its main attraction was its strength in the water and sewerage sectors, new areas for Motherwell Bridge that offered further opportunities to broaden its spread of businesses.

> It could conceivably be floated on its centenary

While the group has been evolving, it has not been able to escape the ups and downs of the industrial cycle. Demand for Motherwell Bridge's products and services typically lags behind the economic cycle, so the downturn in economic activity in 1991-92 did not begin to really hurt until 1993 and 1994, when profits began to suffer amid worldwide cuts in capital spending and slumps in UK construction and overseas project engineering began to be felt.

In 1994 operating profits fell sharply to £3.4m on turnover of £165.5m. Only gains on disposals of the motor dealership, US control systems and electronic weighing systems businesses helped the group achieve growth at the pre-tax level.

However, markets picked up last year, and aided by the first contributions from Clayton, turnover is expected to have risen in 1995 to about £180m. Operating profits should also be higher.

As for a flotation, Mr Lumsden says it remains on the horizon, albeit at some distance.

The two criteria for a listing are that stock market conditions must be right and trading conditions must be good.

He says: "We need access to capital, but we need to consider getting value for our shareholders," of which there are about 120, including several large institutions.

For the next year or so, the group's focus will be on making a few bolt-on acquisitions, generating organic growth, and improving margins.

So is Motherwell Bridge hoping to achieve some pleasing historical symmetry by floating in 1998, the group's 100th anniversary? "Things need to be right trading-wise before we do it," admits Mr Lumsden, "but yes, that would be nice."

Patrick Harverson

New life in the ruins

Contd from facing page

continue pushing up its birthrate of indigenous companies.

The LDA will have its boundaries expanded from April 1 to coincide with the reorganisation of Scottish local government, taking responsibility for economic development in the new town of Cumbernauld as well as East Kilbride which gave up new town status on January 1.

Under local government reform Strathclyde region is being swept away, as are the district councils, including Monklands, which covered Coatbridge and Airdrie, whose record was tainted by allegations of nepotism and sectarianism. In Lanarkshire, two new single tier authorities, North Lanarkshire and South Lanarkshire, come into operation.

They will be among the largest and most powerful of Scotland's new unitary councils. "We are now seeing the emergence of a new generation of local political leaders," says Mr Jeremy Bray, Labour MP for Motherwell South.

■ **RAVENSCRAIG STEEL WORKS:** by Patrick Harverson

Sad reminders

The physical scars of one of Britain's biggest steel closures are being slowly removed

The physical and emotional scars from the closure of British Steel's Ravenscraig works in 1992 have not yet fully healed, despite the above-average economic growth in Lanarkshire during the intervening years.

The surprising vigour of the area's economy has helped dull the pain of the 3,000 jobs lost. Although an estimated 6,000 jobs have been created in Lanarkshire in the past four years, most have been white collar, technology or service-oriented – not ideal for former steelworkers.

However, a report late last year conducted for the Scottish Office by PA Cambridge Economic Consultants concluded that the closure of the steelworks did not have a long-term impact on unemployment in Lanarkshire.

It found that the local jobs market recovered quickly from the initial impact of the closure.

Critics, however, pointed out that the unemployment figures were distorted because two-thirds of the Ravenscraig workers made redundant in 1992 had gone into full-time, fully-paid training, which took them off the jobless rolls.

Moreover, as many of the workers finish their retraining, they will return to the lists of unemployed.

Yet Mr John Cunningham, head of training at the Lanarkshire Development Agency, estimates that of the 1,363 people who took up retraining and educational courses organised by the LDA following the closure about 60 per cent have found work again.

The doomsday forecasts of massive and permanent unemployment in the Motherwell area have proved off the mark, he says.

"The impression I got from ex-steelworkers was that the worst-case scenario for individuals and for Lanarkshire never happened."

The social impact of the closure - the stresses it imposed on local families and communities – and the broader negative impact it had on service businesses in the area such as shops and pubs, are likely to have had a more lasting effect on the people of Motherwell and Lanarkshire.

> As Scotland's biggest urban regeneration project, the Ravenscraig work will be challenging and time-consuming

Mr John Lumsden, chief executive of local manufacturing firm Motherwell Bridge which is working on the dismantling of the steel-making equipment at Ravenscraig, says the sooner the physical site of the former steelworks is cleared the better. "It is important psychologically for the area to clean-up the site and get rid of the remnants," he said.

The demolition of Ravenscraig has taken longer than envisaged, primarily because of the lack of agreement over who should pay for it – British Steel or the government. However, the clean-up of the site is now under way, and when finished, at an estimated cost of £20m-£30m, 1,000 acres of land will be ready for development.

Mr Niall McGilp, the LDA's director of property and environment, says the site will be developed for "mixed-use" – housing, leisure centres, shopping, business parks, offices and educational facilities. There is talk of St Andrews University in Fife seting up a satellite university college on the site, where students would – appropriately – specialise in engineering and science.

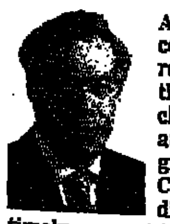
It is hoped that funding for the development – which the LDA estimates could ultimately cost between £200m-£300m – will come from a partnership between British Steel, private sector developers, and UK and European government funds. The LDA has also put in a pitch for Millenium Commission money.

As the biggest urban regeneration project in Scotland, the development of the Ravenscraig site will be a challenging, and inevitably time-consuming task, but Mr McGilp believes there is more optimism about the area's future now than ever before, particularly since the LDA has proved it can attract new businesses and with them new jobs to the nearby sites of the Lanarkshire Enterprise Zone.

"Early on there was a huge pressure to make British Steel pay for leaving the area and there was a lot of wild exaggeration about the environmental problems on the site. But it's proved to be not that bad. Now, with the success of the enterprise zone, people believe that the LDA, working with a range of partners at Ravenscraig, can make an impact over the long-term."

JOHN KAY

On the trail of a good bet



As we all contemplate the remote prospect that the bowl of chilli con carne we ate in 1987 might give us Creutzfeldt-Jakob disease, it is a timely moment to focus on our attitudes to risk.

Do you think that if mad cow disease could be completely eradicated at modest cost – say £1m – the government should do it, however low the probability is that it will do humans any harm? Would you consider taking out extra insurance before engaging in a high-risk activity, such as scuba diving or hang gliding? Do you think that companies which engage in speculative ventures, like oil exploration or new drug development need to earn a higher rate of return than firms which are in safer businesses, such as electricity generation or retailing? Do you regard it as important that your personal possessions, like your bicycle and your holiday bags, are properly insured? Do you believe that people who want to keep risk to a minimum should always avoid speculative securities like futures, options and other derivatives? Do you take a flutter on the national lottery?

Assume the odds being offered are ones at which the other side expects to make money

Most people will have answered yes to all these questions. But if you have been trained in financial economics, and are familiar with the concept of expected utility maximisation and the structure of modern portfolio theory, you will think that the correct answer to all of them is no. Most people will probably conclude that this only shows how little economics and economists relate to the real world. They may be right. But let me put the economist's case. The financial economist contends that few of us really understand the concept of probability which underpins any systematic analysis of risk. Begin with the easiest mistake – taking out special insurance when you go hang gliding. If your family will suffer from your premature demise, they will suffer just as much if you die from something that is unlikely to happen – you are struck by a meteorite while walking in the street – as if you die from something which is much more probable, like falling out of the sky while hang gliding. That means that if you insure your life at all, you should insure it cheaply against low-probability risks and not just insure it expensively against high-probability risks.

Another possibility, of course, is that you recognise the dangers of hang gliding and think the policy looks cheap. You look at the odds the insurance company offers and fancy a bet. A bet that you will be killed. If this is what you believe, a wiser course would be not to go hang gliding at all. If the insurance company knows its business, you will lose. And if it does not know its business you will lose even more. Since insurance companies and betting shops are profitable, and those who run them study risks all the time, it is a sound starting point to assume that the odds you are being offered are ones at which the other side expects to make money.

So why then insure at all? The financial economist's answer is that some bets may have a positive value to you even if they have on average a negative expected cash return. You may find the prospect of a £100 premium distressing, but a £1,000 loss may be more than 10 times as distressing. But – the financial economist goes on to say – that is only likely to be true if the £1,000 is a large part of your personal wealth. And that is why you are wise to insure against your house burning down, but foolish to insure your bags or your bicycle. You would do better to put a little money into the building society every year to buy a new bicycle when your current one is stolen, and escape any need to find the insurance company's profits and administrative costs.

Only insure things you really cannot afford to lose.

So in thinking about risk you ought to look at the whole portfolio of risks you face, not at each risk in isolation. That is why adding a single speculative item – like a bet on the movement of the FT-SE-A All-share index – might actually reduce, not increase, the risk of your overall portfolio. The guaranteed bonds issued by insurers and building societies are often based on derivatives, and so are fixed-rate mortgages.

That is also why the risk of an oil company's dry hole, or a drug company's failed development, is really nothing like as costly as it seems. That risk is spread over a large number of people, none of whom should, if they are behaving sensibly, have a large part of their wealth in any particular activity of this kind. And when risks are distributed and diversified in this way their costs fall substantially. BP's dry well is a penny less on all our pensions. The uncertainties associated with electricity generation – which cannot be diversified because they reflect general movements in the economy – are actually more costly.

In thinking about risk you ought to look at the whole portfolio, not at each risk in isolation

But there is another, yet nearly universal, confusion in our attitude to risk. Our minds tend to dwell on unlikely outcomes, attaching an importance to them which may be far out of line with the probability that they will actually occur. That is how we feel about winning the national lottery, or about contracting BSE. The financial economist cannot prove that you are irrational to think in this way. All that he can say is that if you do think in this way, it will prove very expensive. That is why the national lottery is able to raise so much money for the government and good causes. And it is why eliminating mad cow disease is going to cost us all a fortune.

Tactical and design flaws at Jutland are still relevant to business 80 years on, explains **David Hurst**

Lessons at sea

Imperial War Museum, London; Bridgeman

"There seems to be something wrong with our bloody ships today..." remarked Admiral David Beatty to his flag captain. Beatty was commander of the Battle Cruiser Fleet at Jutland, and his cool comment belied the scale of the catastrophe. It was 4.26pm on May 31 1916 and from the upper bridge of the battle-cruiser Lion he had just seen its sister ship, Queen Mary, disappear in a shattering blast as both main magazines exploded.

Twenty minutes earlier another battle-cruiser, the Indefatigable, had vanished in a sheet of smoke and flame and, although Beatty did not know it at the time, the Lion had narrowly missed a similar fate.

The British Navy lost three battle cruisers carrying more than 3,000 men in less than three hours in one of the great sea battles of all time. It was not bad luck, it was bad management: the result of the Navy's inability to manage a complex system from design through to execution. The roots of the disaster lay in the design of the ships over a decade earlier. Thus the problem was systemic and Beatty's puzzled comment represents one of the more dramatic instances of the bewildered reaction of a CEO to symptoms of systemic problems in the field.

Battle cruisers, such as the Lion, were the pride of the Navy. They were armed almost as heavily as battleships and could reach speeds of more than 27 knots. In the pursuit of speed and firepower, however, protection had to suffer and the battle cruisers had only thinly armoured decks. These created an aura of risk-taking and the sailors who served on them enjoyed high status.

The compromises designed into the battle cruisers were compounded by modifications made to them to accommodate the Navy's peacetime gunnery practices. Managers usually try to optimise the variables that they can measure most easily, and the Navy was no exception. They had developed a cult of rapid fire, for rate of fire was easily measured and as a "benchmark" it allowed intense gunnery competition among all ships in the fleet. In their efforts to feed the guns with charges from the magazines, gun crews began to eliminate the anti-flash baffles that slowed the process. At first they left the flash doors open, but over time some were removed completely.

No one realised the battle cruisers were now dangerously vulnerable. If a shell penetrated the main turret armour, the resulting explosion was likely to flash down the ammunition hoist to the main cordite stores in the magazines below.

The third systemic factor which sealed the fate of the battle cruisers at Jutland was the way they were deployed. If speed was critical and deck armour thin, then the battle cruisers would do best in high-speed encounters at relatively close range, where the flat trajectory of enemy fire would encounter their thicker side armour.

This was not to be the case. There was horror of losing a ship and this conservatism was abetted by the recent introduction of the wireless and the organisational centralisation that accompanied it. As a result, the battle cruisers were held in a long-range gunnery duel in line of battle, where their speed was of little help and their decks were exposed to plunging projectiles fired on high trajectories.

On May 31 1916 the systems loop had closed and disaster was at hand. In their efforts to preserve the battle-cruisers from destruction, their commanders had made them more vulnerable to catastrophe.

"War stories" are of interest to managers because they help remind us that failures in complex systems under stress are rarely the result of random chance. The British Navy's experience at Jutland underlines the importance of taking a systemic perspective of organisations and their problems:

● Don't maximise one measurement of performance at the expense of others. An exclusive focus on financial performance in business enterprises, for example, can blind an organisation to current events of critical importance. Measurements of customer satisfaction, innovation and operating excellence can alert the organisation to problems long before they show up in the financials.

● Don't benchmark variables just because they are easy to measure. Aided by incentive schemes, an organisation can easily end up being very good at doing something that doesn't make much difference. The essential criterion is whether the end customer defines the variable as being a valuable component of the product or service. In the aftermath of Jutland, for example, it was found that a significant proportion of the British Navy's armour-piercing shells had failed to explode effectively.

● Don't allow *ad hoc* tinkering with systems design without considering the systemic implications of the changes. Prototypes and simulations are worth it. The opinions of dissenters need to be addressed, rather than dismissed. There had been vocal critics of the battle cruisers who feared they would be used inappropriately in a general fleet action, but their concerns were ignored.

● Mistakes are opportunities to learn. The German Navy had no systemic failures in their ships during the battle, but this was the product of learning rather than planning. At Dogger Bank 16 months earlier, the battle cruiser Seydlitz had been hit by a shell and had two turrets burned out. As a result, all the German battle cruisers had their flash protection strengthened before Jutland.

● When things go wrong look for systemic causes first before blaming individual components. It is all too easy to mistake the symptoms for the disease and in complex systems causes can be located far away in space and time from their effects. The problem at Jutland was not just with the "bloody ships" – it was with the bloody system.

Crisis & Renewal: Meeting the Challenge of Organisational Change, by David K Hurst. Published by Harvard Business School Press.

ARTS

Truce likely in soundbite row

Andrew Clark on the issues behind Claudio Abbado's lawsuit against his record company

When Gustav Mahler put the final touches to his Third Symphony in 1896, he was blissfully ignorant of the legal wrangle it would provoke 100 years later. In a letter to a colleague, Mahler observed that even before he completed the symphony, the second movement had been performed several times. "That this little piece must create misunderstandings when detached from its connection with the complete work ... can't keep me from letting it be performed alone. I have no choice; if I want to be heard, I can't be too fussy."

By taking Deutsche Grammophon to court over a Mahler compilation album, Claudio Abbado appears to be at odds with the composer. Abbado has sued his record company for releasing a CD containing only the slow movements from his recordings of four Mahler symphonies.

The lawsuit, filed in the Paris High Court, claimed that the compilation infringed the conductor's copyright and damaged the artistic integrity of the music. At an initial hearing last week, the court postponed the case until next Tuesday.

The two sides now appear to be heading for an out-of-court settlement, under which DG's French subsidiary – which produced the CD, entitled *Adagio* – will probably withdraw all copies from sale. This would satisfy Abbado's honour, but it would be no more than a temporary truce in the ongoing battle between purists and populists.

The case opens up important issues for the future of classical music, the way it is marketed and the impact of modern technology on listening habits. The big record companies are in a dilemma. Sales are falling, the catalogue of available recordings is saturated, and conductors do not have the same hold on the market as their predecessors. "The staple repertoire we've been selling for years is just not selling any more," says Peter Alward, a senior EMI executive. "We've got to find new ways of bringing our music to the public."

The commercial logic of compilation discs is indisputable: their sales far exceed those of traditionally packaged recordings. Two years ago, DG produced *Adagio Karajan*, 80 minutes of seamless serenity culled from the late conductor's vast discography. It has so far clocked up sales of 1.2m, with estimated profits of £5m.

Contrast this with a new recording of a Mahler symphony: production costs can be as high as £60,000, and the record would be lucky to sell 20,000 copies in its first few years. That is why record companies are so keen to exploit their back catalogues.

There are plenty of other ways to justify "symphonic soundbites". First and foremost, they help to pay for the loss-making repertoire which most conductors, including Abbado, want to record. Companies like DG also argue that compilation discs introduce millions to classical music by feeding them the easy bits first.

They are targeted at people who find traditional concerts an intimidating experience, or do not want to listen to a work in its entirety. "There are two different products for two different markets," says James Jolly, editor of Gramophone magazine. "If you want to hear Mahler's Fifth, you can buy Abbado's complete recording. If you just want the slushy bits, buy *Adagio*."

The purist viewpoint is that a symphony is composed as an entire work and should be played as such: the tempo relationship between movements helps the listener to evaluate each part on a more complete basis. But this argument has more to do with the current fashion for musical authenticity than with historical practice.

As Mahler's remarks suggest, most composers could not afford to be fussy: they were only too happy to have their music performed in any way possible. In the baroque era, composers assembled whatever musicians were available, even if it meant an orchestra of 40 bassoons.

Richard Strauss said the most satisfying performance he heard of *Salome* was in Augsburg with 46 musicians – less than half the proper number. Composers have often had part of a symphony performed before it was complete, to see how the music would sound. And until the 1930s, it was common for concert promoters to programme isolated movements from different works.

If the purist argument was taken to its extreme, it would no longer be acceptable to perform operatic excerpts, to play Liszt's transcriptions of the Beethoven symphonies, or hear 90-second snatches of music on *Desert Island Discs*. Abbado would have earned more respect if, like the great Romanian conductor, Sergiu Celibidache, he had given up recording altogether – on the grounds that the recording process encourages interpreters to mimic perfection rather than illuminate the music.

So what was the real reason for Abbado taking DG to court? The case is an odd one, because Abbado is a friend of DG's new president, Karsten Witt, and might have been expected to resolve the matter without publicity.

Those who know Abbado well suggest he has a hidden agenda. "Defending the composer may be only the surface reason," says one agent, who is close to Abbado. "The real reason could be that he doesn't want to be associated with something that could be mistaken as cheap and commercial. As conductor of the Berlin Philharmonic, he is in charge of the world's leading orchestra. He has to show he is maintaining standards of artistic quality set over a long period of time and judged on the most stringent principles. Compilation CDs are a down-market move."

DG's mistake was to confine *Adagio* to Abbado's interpretations. If it had combined performances by a mix of conductors, Abbado would have been hard put to argue his case. So why should DG appear *willing to compromise*? *Partly to* avoid more damaging publicity, and partly to preserve its relationship with Abbado, who commands as big a following as any of today's conductors.

But DG's main reason for being conciliatory is that too much is at stake for the record industry. If Abbado had won, a precedent would have been set, and the compilation-disc gravy-train would be disrupted. If Abbado can be placated, DG and its rivals are still free to release millions of compilations of other conductors' recordings.

Abbado's lawyers will doubtless ensure that any future contract with DG will be more specific on how his performances can be used. As for DG, it can rest assured that no other conductor is likely to repeat Abbado's tactics. Most are only too glad to see their faces on the record sleeve. Abbado may have won the moral victory this time, but the record industry will have the last laugh.

Opera

Belle of the ball is back

Gravely and tenderly affecting: Wolfgang Brendel and Cheryl Studer in 'Arabella'

Arabella was the last Strauss-Hofmannsthal collaboration. Semi-posthumous, in fact, for the poet-playwright abruptly died when they had just wrestled Act 1 of their opera into its perfect form. Shocked and bereft, Strauss eventually composed the two remaining acts more or less on their provisional, not-quite-right drafts. That is why *Arabella* is not quite the (minor) masterpiece that it should have been.

Still, its best passages are so gravely and tenderly affecting that we do not want to do without it; and the Royal Opera revival, in Peter Rice's apt, cajoling period-decor and what was originally Rudolf Hartmann's 1965 production, is very welcome.

I doubt that much of Hartmann's detail has survived the decades, but David Edwards has directed the latest cast with alertness and tact. Mark Elder conducts well.

Arabella herself, the belle of 1860s-Vienna balls, is Cheryl Studer, who is singing the role on stage for the first time. The Studer voice is still not in its best estate: there were some luminous phrases, though not until the close of Act 1, and otherwise a lot of hollow-voiced caution.

We would be less aware of her now matronly figure if she were not so infernally serene and *gracious*. I shall spare you my memories of Lisa della Casa (whose peerless Arabella was demurely sexy, playful and volatile), but so far Studer's heroine is all too close to Lucia Popp's ridiculous *grande dame* impersonation.

As her betrothed Mandryka, the uncouth Slavonian aristocrat, Wolfgang Brendel is now a familiar figure here, but better than ever. Though his romantic baritone expands to dominate the orchestra when required, his manners are disarmingly shy and gauche, and he captures the rustic grandee to an embarrassed nicety.

As Zdenka, Arabella's little sister - brought up in boy's clothes because the family can afford to dress only one marriageable daughter - Christiane Oelze is as quick, intelligent and lovely as she was in the RO's *Mathis der Maler* last autumn.

Those two, and bits of Miss Studer, justify the evening. Stafford Dean offers a drily scrupulous cameo of Daddy Waldner, without Waldner's vain, fetching exuberance nor the vocal weight to make it tell. The rest of the cast are creditable.

There was as much pleasure to be had on Sunday from Chabrier's 1886 *Gwendoline*, his "Anglo-Saxon" opera (the scene is 8th-century Britain), given a rare concert-performance at the Queen Elizabeth Hall by the Chelsea Opera Group.

It is an irresistibly cheerful score, despite the gory ending, and Andrew Greenwood conducted it with satisfying verve.

Beyond a hard-working chorus, the opera has just three real roles, two of them strenuous. Christine Bunning was Gwen, the chieftain's daughter, intrepid and passionate. Donald Maxwell's Harald, the invading Dane, was said to be unwell, but one could not have guessed it from his buoyant, robustly characterful singing.

For the British chieftain, Ian Caley's limpid tenor contrasted nicely with his treacherous machinations. Somebody must find a way of staging this problematic but lovable piece.

David Murray

Theatre/**Alastair Macaulay**

Albee's long day's journey

I ought to congratulate the Nottingham Playhouse on reviving so seldom seen a play as Edward Albee's *A Delicate Balance*, but implicit in my congratulations would be a hint of, "And I'm so relieved no one is putting this on in London". After the acclaim accorded in 1994 (on both sides of the Atlantic) to Albee's 1991 play *Three Tall Women*, many of us have been curious to see other Albee revived.

A Delicate Balance comes from 1966, and has its slight and slow long-day's-journeyish fascinations. But it is disappointing to find how tall-woman its parlance constantly is.

Its characters, as in *Three Tall Women*, seem to speak through filters of both Gertrude Stein (the frequent recyclings of short phrases) and Virginia Woolf (the lyrical floatings of multiple subordinate clauses within a single sentence). These characters sound drawn less from life than literature. First, they sound mannered, then the whole play does. "Time happens, I suppose, to people," says Agnes. This remark, like so much in the play, is just too damned precious.

The characters are moneyed American people of leisure. Agnes (Eleanor Bron) and Tobias (Michael J. Shannon) are husband and wife in late middle age. Julia (Mariona Bailey) is their 36-year-old daughter: now on the rebound from her fourth marriage, forever a spoilt child, and childless too. Claire (Marty Cruickshank) is Agnes's alchie sister, robust but pointless.

In Act One, Edna (Sandra Voe) and Harry (Gary Raymond), the best friends of Agnes and Tobias, arrive, explaining merely that, at home, they suddenly became afraid and that they want to sleep here. (Vague intimations of political refugees, weakly handled.) Agnes weakly offers them Julia's room, presumably thinking they will have left before Julia returns.

But they stay. Julia, who only arrives after Act One, resents their presence to the point of hysteria - though, even when she wields a gun, she cannot budge them.

In Act Three, however, Agnes starts to tell Tobias, very melodramatically, that Harry and Edna are "the plague". (Suggestions of Camus's *La Peste*; and, today, of Aids victims.) Tobias, wracked between loyalty and alarm, tells Harry to stay. Harry and Edna - feeling insufficiently welcome, and claiming that they themselves would not want to give corresponding hospitality to Agnes and Tobias - depart. Under Agnes's matriarchal influence, the doomed and unblessed family remains intact; which is, I take it, Albee's bitterly ironic main point. Friendship is sacrificed; the unfriendly family coheres.

The play ends with Agnes dismissing the night and greeting the bright new day. We know that she is repressing any reasons for fear and is hailing complacency.

Cairns paces Albee's dialogue to finely musical effect. There is real luxury in the way the characters here deliver a phrase with one dynamic and then repeat it with another; or demonstrate the full architecture of the long sentences.

The casting is generally excellent. Sandra Voe, that superb character actress, makes Edna the most surprising (and least theatrical) person in the play. Shannon, Raymond, Bailey and Cruickshank are all very fine. As Agnes, Eleanor Bron is all noble languor, immensely elegant. But something about the hooded eyes, the gracious turns and tilts of the head, is too resigned; and too posey. The play needs an actress of her high-style sophistication, and yet it is her very stylishness that underlines the basic effeteness of this play. I blush to say it, but I kept wanting to call out "Get a life!"

At Nottingham Playhouse until April 6.

Theatre/**Sarah Hemming**

A celebration of storytelling

There is something very soothing about having stories told to you. In essence, this is the guiding principle behind Eamon Morrissey's double bill of solo shows, now at the Tricycle Theatre. Seen together, *Byrne* and *The Brother* function as a tribute to the art of storytelling, and a celebration of the Irish gift of the gab as a means of survival.

The Brother, Morrissey's own collation from the works of Flann O'Brien, celebrates the art at its most fantastical. In this monologue an anonymous "oul fella", ensconced in the snug of a Dublin pub, tongue oiled by pints of plain and balls o' malt, regales us with tales of drunken escapades. It is an engaging ramble around the shores of O'Brien's absurd inventiveness, taking in the famous theory of how people turn into bicycles, and the compelling story of the route by which a taxidermist ends up convicted of his own murder.

Morrissey, one of Ireland's best loved actors, has been performing this show for 22 years, and it tells. It is polished, and his performance is endearing and amusing, but the shine wears off after a while, and he tends to rely too heavily on the exaggerated comic gesture. And since this is the second solo piece of the evening, however charming and funny the blether, after three hours of being talked at you begin to long for some escape: dialogue, perhaps, interaction.

Paradoxically, it is the first piece of the evening, the quieter one, that is the more compelling and that elicits the stronger performance from him. Here he plays an old bachelor farmer whose family have lived in a small valley in County Wicklow since time immemorial (although, he tells us, they were always regarded as blow-ins by their neighbours, the O'Tooles, because they only arrived with the Normans).

He sits on stage and talks, telling jokes and stories, introducing us to every feature of the valley. But from the outset there is something rattling him, and gradually the truth seeps out. We discover that his beloved valley is to be flooded to create a reservoir. As ice melts to reveal a landscape, so the playlet (also written by Morrissey), acquires a shape, and the force of Byrne's rambling stories becomes clear.

Slowly you realise that, with the valley, all its history, legends and lived life will be drowned forever. It is a witty but moving piece, and Morrissey's performance, a feat of memory alone, brings home to you the fact that with this lonely old man dies a whole way of life.

Continues to April 27 at the Tricycle Theatre, London NW6 (0171-328 1000).

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Sergiu Luca: the violinist performs sonatas and partitas for violin solo by J.S. Bach; 8.15pm: Mar 30

■ BALTIMORE

EXHIBITION
Baltimore Museum of Art
Tel: 1-410-396-6310
● Dorothea Lange: A Retrospective: Dorothea Lange (1895-1965) is best known for her Depression-era photographs. Yet she worked from the 1920s to the early 1960s and embraced a variety of subjects, from her own family to life in foreign lands. The 85 prints in this exhibition survey the breadth of Lange's achievement: to Mar 31

■ BERLIN

CONCERT
Philharmonie & Kammermusiksaal
Tel: 49-30-2614383
● *Stabat Mater*: by Dvorák. Performed by the Berliner Symphoniker and the Berliner Konzert-Chor with conductor Matthias Elger. Soloists include C. Lindsley, Chr. Oertel, C. Bieber and J. Nizziolek; 8pm: Mar 31
OPERA
Komische Oper Tel: 49-30-202600
● Falstaff: by Verdi. Conducted by Yakov Kreizberg and performed by the Komische Oper. Soloists include Korondi, Baniewicz, Oertel and Braun: 7pm: Mar 30

■ BIRMINGHAM (US)

EXHIBITION
Birmingham Museum of Art
Tel. 1-205-2542566
● Photographs from the Collection of Rena Hill Selfe: exhibition of 36 photographs dating from 1875 to the present, amassed by Rena Hill Selfe. The display includes works by acclaimed photographers such as Brassai, Andre Kertesz, Henri Cartier-Bresson, Dorothea Lange and Walker Evans as well as local artists Melissa Springer, Dennis O'Kain and Sonia Reiger. Familiar images include "Rue Mouffetard" (1908) by Henri Cartier-Bresson, "Migrant Mother" (1936) by Dorothea Lange, and "The Happy Group" (1932) by Brassai: to Mar 31

■ BONN

OPERA
Oper der Stadt Bonn
Tel: 49-228-7281
● Fidelio: by Beethoven. Conducted by Eugene Kohn and performed by the Oper Bonn. Soloists include Barbara Daniels, Turid Karlsen, Alexei Steblianko, Pavlo Hunka and Axel Mendrok: 7pm: Mar 31

■ COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Elena Bashkirova: the pianist performs works by Liszt, Busoni and Albeniz; 8pm: Apr 1
OPERA
Opernhaus Tel: 49-221-2218240
● Madama Butterfly: by Puccini. Conducted by Rico Saccani and performed by the Oper Köln. Soloists include Marina Spacanga, Regina Mauel, Olafur Bjarnason and Laura Cabiria: 7.30pm: Mar 30

■ DUBLIN

CONCERT
National Concert Hall - Geoláras Náisiúnta Tel: 353-1-6711888
● St. James' Choir & Orchestra: with soprano Niamh Murray, tenor Huw Priday, bass Roderick Earle and organist Gerard Gillen perform highlights from Cavaleria Rusticana and a selection of Romberg Melodies: 8pm: Mar 30

■ HAMBURG

OPERA
Hamburgische Staatsoper
Tel: 49-40-351721
● Salome: by R. Strauss. Conducted by Wolfgang Rennert and performed by the Hamburg Oper. Soloists include William Cochran, Anja Silja, Karen Huffstodt and Falk Struckmann: 6pm: Mar 31; Apr 3 (8pm)

■ HELSINKI

DANCE
Opera House Tel: 358-0-403021
● Swan Lake: a choreography by Bourmeister after Petipa/Ivanov to music by Tchaikovsky, performed by the Helsinki Ballet. Soloists include Kirsi Aromaa, Timo Kokkonen, Kimo Sandell and Anandah Kononen; 7pm: Mar 30

■ LAUSANNE

DANCE
Théâtre de Beaulieu
Tel: 41-21-6432211
● Ballet Nice: perform the choreographies Petrushka by Michel Fokine to music by Stravinsky, L'apres-midi d'un faune by Nijinsky to music by Debussy, and Le sacre du printemps by Leonide Massine to music by Stravinsky. With guest dancer Charles Jude from the Opéra National de Paris; 8pm: Mar 30, 31 (6pm)

■ LEIPZIG

CONCERT
Gewandhaus zu Leipzig
Tel: 49-341-12700
● Gewandhaus Quartet: in an all-Beethoven programme, including String Quartet in B flat, Op.18 No.6, Grosse Fuge in B flat, Op.133 and String Quartet in B flat, Op.130: 6pm: Mar 31

■ LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
● Maxim Vengerov and Itamar Golan: the violinist and the pianist perform works by J.S. Bach, Shchedrin, Elgar, Bloch and Waxmann: 7.30pm; Apr 2
Royal Festival Hall
Tel: 44-171-9604242
● Matthaus Passion: by J.S. Bach. Performed by the English Chamber Orchestra and The Bach Choir with conductor Sir David Willcocks. Soloists include soprano Lynne Dawson, contralto Catherine Wyn-Rogers, tenor Richard Elgar-Wilson, bass Stephen Roberts and organist Hubert Dawkes: 11am: Mar 31

■ LOS ANGELES

EXHIBITION
Huntington Library, Art Collection and Botanical Gardens
Tel: 1-818-405-2100
● Eakins and the photograph: traveling exhibition of photographs by the American 19th-century artist Thomas Eakins, from the collection of the Museum of Art of the Pennsylvania Academy of Fine Arts. Featuring over 30 albumen and platinum prints, the exhibition is conceived in a thematic framework covering Eakins's three major photographic concerns: portraits, figure studies and nudes: to Mar 31

■ LUCERNE

CONCERT
Kunsthaus Luzern
Tel: 41-41-2102562
● Cleveland Orchestra: with conductor Christoph von Dohnányi and pianist Andreas Haefliger perform works by Adams, Mozart and Brahms. Part of the Osterfestspiele 1996; 7.30pm; Mar 30

■ NEW YORK

CONCERT
Alice Tully Hall
Tel: 1-212-875-5050
● Garrick Ohlsson: the pianist performs works by Chopin: 2pm: Mar 31
EXHIBITION
Museum of the City of New York
Tel: 1-212-534-1672
● Growing Up in New York: The Photography of Arthur Leipzig: photographer Arthur Leipzig, who was active in The Photo League, has used his camera to document his experience of growing up in New York. The exhibition contains a selection of original, gelatin silver prints: to Mar 31

■ PARIS

CONCERT
Salle Pleyel Tel: 33-1 45 61 53 00
● Orchestre National d'Ile-de-France: with conductor Jacques Mercier and cellist Janos Starker perform works by Smetana, Dvorák and Janácek: 8.30pm: Mar 30

■ STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● The Maids: by Bengtson. Conducted by Niklas Willén and performed by the Royal Opera Stockholm. Soloists include Anna Eklund, Eva Pilat and Gunilla Söderström: 7.30pm: Mar 30; Apr 2 (7pm)

WORLD SERVICE

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European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

Master of misfortune

Tory revival hopes have been repeatedly dashed, no sooner than they have been raised, by infighting or incompetence

Perhaps there is nothing more to be done. John Major has simply run out of luck. Thus the weary observation of one senior minister as he surveyed the political debris left by the BSE debacle. This, after all, was meant to be the week of the government's definitive relaunch. The moment when it would finally step on to an election springboard.

Mr Major would travel to the Turin European Union summit to proclaim "No, No, No" to the federalist ambitions of his partners. The sceptics at Westminster would dance jigs of delight. He would return triumphant to the Conservative party's spring conference in Harrogate to herald the long-promised onslaught on Tony Blair's Labour party.

Instead, a handful of scientists declares that there may, after all, be a link between the unfortunate victims of Creutzfeldt-Jakob disease and the mad cows in the factories that nowadays pass as farms. No doubt the prime minister will rant and rave in Turin at Europe's ban on British beef exports. But in the end he will be obliged to sit down with Helmut Kohl and Jacques Chirac to say "Please. Please. Please".

It seems that Europe must pay for the slaughter of tens of thousands of cows which only a few days ago voters were being urged to serve up on their dinner tables on Sunday. Well, how else could the government afford those pre-election tax cuts? I suspect Messrs Kohl and Chirac will oblige. The irony is too sweet for them to do otherwise.

We veterans of the Major relaunch should probably have seen all this coming. How often since that disastrous Wednesday in September 1992 when sterling was ejected from the European exchange rate mechanism have Tory revival hopes been dashed no sooner than they have been raised? How many headlines declaring that the prime minister would reassert his authority have been swept aside by the tide of party infighting or cabinet incompetence?

No, it is not just bad luck. This government makes its own misfortunes. In its handling of BSE it misread the mood of the country. The scientists had informed ministers that beef was *almost* certainly safe to eat. Consumers were told that should be reassurance enough. But everyone knew the scientists had been wrong before. A sensible government would have staked out the ground well ahead of the scientific advice. I am told that the odd civil servant made this perfectly obvious point when the crisis first broke. But to restore confidence now demands a response which may well eventually prove to be an over-reaction. No wonder Norman Lamont's searing phrase about a government in office but not in power is once again doing the rounds on the Tory backbenches.

Mr Blair, of course, runs free of the snares of government. Mad cows and nasty Europeans cannot derail his strategy to win the election. But each time the government falls victim to events he reminds us how determined he is to make his own luck. This week he published plans for his party's manifesto, and told us in the process how he intends to govern.

Short as they are, I would not recommend the "Road to the Manifesto" and its accompanying statements to the casual reader. New Labour – and Mr Blair never calls it anything else – has spawned a rhetoric which bears only a passing resemblance to the English language.

> Each time that the government falls victim to events Mr Blair reminds us how determined he is to make his own luck

But, beneath the waffle about New Britain and New Millenniums (one day we will have New Blair), lies a shrewd electoral strategy. Just consider the headings for the four pillars of Labour's platform: Economic opportunity to counter insecurity; a one-nation society with a reformed welfare state; a modern constitution; and leadership in Europe. I am not sure many of the voters of middle Britain could quarrel with that.

Mr Blair understands the language of priorities. The mini-manifesto which he will publish in June will be stripped of all but a handful of pivotal pledges. It will signal his ambitions for lower rather than higher taxes. The half-promises, the nudges, winks and sheer verbiage of previous manifestos are to be dumped.

The message is that there are no hidden agendas, no piles of policy documents to which Conservative Central Office can fix an expensive price tag. As Gordon Brown, the shadow chancellor, put it: "We will not propose what cannot be delivered and there will be no false promises." You can forget about pledges to increase state pensions or child benefit.

This has relevance too for the way Mr Blair intends to govern. He is haunted by the history of Harold Wilson's administration. Mr Wilson, like Mr Major, spent more time managing his party than governing the country. Mr Blair wants to be sure that the iron grip he has established over Labour in opposition is not loosened in government.

Hence his decision to sideline the party conference (and that means the trade unions) and put the first draft of his manifesto to a vote of all party members. Nearly half have joined since Mr Blair became leader. The rest can hardly repudiate his programme only months before the general election. But that the result is a foregone conclusion is neither here nor there. The Labour leader is erecting firm defences against future charges of betrayal.

None of this leaves the opposition immune from attack by the Tories. For all the chaos in Whitehall, the mood among the Conservative party faithful seems to have improved. The footsoldiers have been cheered by the massive policy consultation exercise which has preceded this weekend's conference. And if the government's support in the opinion polls is not yet rising, it has levelled out. Under the guidance of its advertising guru Maurice Saatchi, the Conservatives now have the outline of an election strategy. I suspect that it begins and ends with attacks on the opposition.

There has been little focus yet on the quality of Mr Blair's cabinet-in-waiting. Beyond the top posts it is hardly a dazzling line-up. In coming months we shall hear more about the figures in the shadows, courtesy of Conservative Central Office.

There will be plenty too about tax. Mr Brown promises detailed proposals in the final version of his party's manifesto. I would wager there will be nothing to frighten the punters. Between then and now, though, the Conservatives will offer their own estimates. Mr Major may have broken all his own promises on tax, but how many voters really believe they would pay less under Labour?

All this, though, presumes that the government will get a grip. Mr Blair's preparations show a determination last seen when Margaret Thatcher was in opposition. He knows that this, his first, is also probably his last chance. Mr Major's administration does not have much time to remember that to govern is to choose.

·LETTERS TO THE EDITOR·

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No pursuit of national interests

From Mr David Wyllie.

Sir, In the article "Beef crisis fuels hitches towards EU" (March 27), Caroline Southey and Lionel Barber imply that it will be the role of commissioners Sir Leon Brittan and Mr Neil Kinnock to represent the UK in the Commission's discussion of Austrian farm commissioner Mr Franz Fischler's proposals with regard to the banning of British beef exports – "Mr Fischler will table proposals to the full 20-member Commission where Britain has two representatives...".

This can only have been a slip of the pen. Both Britain (by treaty) and its commissioners (by their solemn affirmation before the Court of Justice on taking office) are, in fact, formally bound to abstain from abusing a commissioner's office to pursue national interests.

The Commission needs to be properly informed of member states' positions but, that done, its collective task is to try to determine what is best for the Union.

David Wyllie,
17 Avenue Michel-Ange,
B-1000 Brussels,
Belgium

From Mr Richard Hunter Gordon.

Sir, Thank you for your excellent report on BSE ("The agony of hindsight", March 23/24). We have been inundated by media reporting, but uniquely you summarised the issues against the historical developments of the problem.

Richard Hunter Gordon,
8 Bark Place,
London W2 4AR, UK

Bank strategy for Philippine poor

From Ms Erika Jorgensen.

Sir, I was pleased to see your article "Bank scorns 'aid for poor'" (March 20) about the recent World Bank report on poverty in the Philippines. However, its brevity left it lacking in perspective. Poverty is still the largest development problem in the Philippines, but some progress has already been made in reducing the share of the population living below the poverty line. Most important, the dominant theme of our report is that the Philippines is ready to tackle the problem of poverty in an effective and comprehensive fashion. The recent National Anti-Poverty Summit is evidence of the top priority assigned this problem by President Ramos.

The decade-plus effort at macroeconomic stabilisation and structural reform has created higher and sustainable rates of economic growth, the foundation for helping the poor. In the past, the country was unable to sustain growth long enough to reduce poverty, and the pattern of growth tended to accentuate, rather than reduce, income disparities. However, the Philippine economy today is capable of generating more equitable growth. In addition, if the government is serious about reducing poverty, it must raise the income-earning capacity of the poor by improving the functioning of markets, building supporting infrastructure, and guaranteeing basic services in health and education. The government also must provide a well-targeted social safety net to improve the wellbeing of the poorest of the poor and to lend a hand to those temporarily in need.

The World Bank, based on its long experience in the Philippines and elsewhere in the developing world, recommends that the government's poverty alleviation strategy should:

- Continue to emphasise economic growth.
- Assist the rural poor by focusing rural land reform on the "do-able" and investing in rural infrastructure for small farmers.
- Help urban squatters by addressing the complex dilemma of soaring urban land prices and extending water and sanitation services to the poorest urban areas.
- Increase investment in primary education and primary health services.
- Target social safety net programmes more effectively.

Erika Jorgensen,
country economist,
East Asia and Pacific,
The World Bank,
1818 H Street NW,
Washington DC, US

Drugs campaign doomed

From Mr John Mills.

Sir, William Crowe's letter (March 22) highlights two things. First, the desire of the US to set the pace on drug control, and the increasingly out of step "battle against drugs" rhetoric still relied on by policy formers.

Historically, the west has tended to follow the US lead on drugs policy and the certification process is clearly intended to shame reluctant governments into toeing the line. Mr Crowe should be aware, however, that in Europe a serious debate is under way on the position of drugs in society. This is against a background of increasing recreational use by young and older people of a range of currently illegal substances, particularly cannabis and ecstacy, without any significant long-term ill-effects in most cases. Such debate proposes decriminalisation and controlled legalisation as intelligent and realistic options.

In this climate, phrases such as "battle/war against drugs" become irrelevant as most people move on to facing the real issue of drug use. The supreme irony is that Mr Crowe's government's "battle" is doomed to fail because of the operation of pure free market economics – the rule of supply and demand.

John Mills,
31 Droylsdon Park Road,
Finham,
Coventry CV3 6EQ, UK

In a word

From Professor Ira Sohn.

Sir, The use of value judgments in economic reporting, like the use of split infinitives in writing, should, in most instances, be avoided.

The headline of William Dawkins' short report, "Japanese land prices worsen" (March 22), intended to, I'm sure, convey that Japanese land prices declined yet again.

However, we should acknowledge that many market participants are better off when prices "worsen".

Ira Sohn,
professor of finance,
Montclair State University,
department of economics and science,
Upper Montclair,
New Jersey, 07043, US

Trust is best way to secure future of naval college

From Sir David Hardy.

Sir, Colin Amery's excellent article "Millennium meets Greenwich meridian" (March 25) mentions the uncertain future of the Royal Naval College and the possibility of assigning responsibility to a trust.

This seems to many to be the best way forward. Such a body should have responsibility not just for the college, but for the whole of what is likely to become the Maritime Greenwich World Heritage site, encompassing the Royal Park, the National Maritime Museum with its Queen's House, and the Old Royal Observatory.

Trustees, appointed by the Queen on the joint recommendation of the secretary of state for defence in his capacity as the sole trustee of the Greenwich Hospital, and of the secretary of state for heritage, should be people of demonstrable concern for Britain's maritime and architectural heritage.

The trust, an exempt charity, would be accountable to parliament, through the heritage department; for the preservation and upkeep of the buildings, their use by appropriate and sympathetic sub tenants and for ensuring free access for the public.

This would not preclude use by Greenwich University or any other suitable organisation, but would ensure the application of the over-riding priorities of preservation, interpretation and access and would remove direct responsibility from ministers.

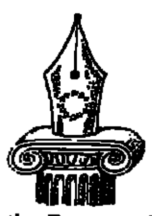
We believe that there are considerable advantages to use of the Royal Naval College by more than one tenant. For example, it would enhance public appeal and would protect the site from future budget cutback of any sole user.

It must be hoped that such an arrangement will find favour.

David Hardy,
chairman of the trustees,
National Maritime Museum,
Greenwich,
London SE10 9NF, UK

Europa · **Klaus Kinkel** and **Hervé de Charette**

A duty to be demanding



The intergovernmental conference that opens today in Turin marks the first stage in the timetable for the construction of the European Union, which is today at a turning point.

The Europe of the next century will not resemble that of the Treaty of Rome; Europe is no longer the same as in the 1980s, when the Single European Act was adopted. We now have a clearer picture than during the Maastricht debate of the future that lies ahead for our old nations.

What has changed? The EU is going to enlarge its membership. Soon there will be about 25 countries participating in institutions that were designed for six.

This presents the people of Europe with a great opportunity: for the first time they will be in a position to achieve unity on the European continent by peaceful means.

How could we be so selfish and so blind as to deny the people of central and eastern Europe the chance to share the EU's prosperity and security? We must prepare to welcome them warmly to a solid and flexible EU.

National economies are more and more interdependent. Europe's well-being depends increasingly on trade with other countries and regions of the world. This tremendous interchange of people, culture and goods inevitably creates uncertainty. But it also presents Europe with an extraordinary opportunity, as long as Europeans pull together to combat worldwide industrial and technological competition.

The creation of a single European currency, the euro – will enable us to take full advantage of the single European market. For 30 years this had been our goal. Soon, the single currency will be a reality. It will change the way Europeans live together and their relationship with the outside world. We must get ready for it.

AP

Preparers of a joint design: De Charette (right) and Kinkel

With so many changes in prospect, we have prepared a joint design for Europe. Helmut Kohl, the German chancellor, and Jacques Chirac, the French president, have put specific proposals to their European partners.

Last month in Freibourg we presented our ideas for a common European policy on foreign affairs and security. In this new and difficult phase of the construction of Europe, it has, as usual, fallen to Germany and France to join forces to enable further progress towards European unity to be made.

The Europe we want is a Europe that preserves and develops its decision-making capability. Reforms will be difficult to define, but EU institutions are already threatened with paralysis.

To address this, several changes are necessary. Europe needs: a European Commission that is more cohesive, which will entail that it has fewer members; a Council of Ministers that takes more decisions on the basis of qualified majority voting, respecting the relative weight of member states; a European Parliament that is more closely involved in decision-taking; and national parliaments that are more closely involved in the construction of Europe.

We also want a Europe capable of defending its interests, inside and outside its borders.

For Europe to exist in any meaningful way, it must provide for its own defence and security. A genuine European identity must therefore be enshrined in the framework of the Atlantic Alliance.

EU solidarity must be enhanced by giving more substance to the idea of a common European foreign and defence policy. This can be done by creating a new post, held by one individual, to represent the EU on such matters. This individual would act on the basis of mandates from the Council. European continuity and visibility would both be heightened by such a move.

We also believe European co-operation in the field of armaments should quickly increase. Germany and France have shown the way by setting up a common armaments agency.

We also want a strong Europe, capable of facing up to international competition. This can be achieved through increased co-ordination of national economic policies.

We want a Europe that is more flexible. The conference gives us the opportunity to consolidate the common base of our Union and to allow those who wish to move further to do so, as proposed by Mr Kohl and Mr Chirac.

If a group of EU states decide they have enough common values and common interests, why should they be prevented from co-operating more fully, whether over economic and social policies, or over foreign policy and defence?

France and Germany are prepared to engage in such reinforced solidarity and would like all other member states willing and able to do so, to join them. Needless to say, no state must be excluded.

Finally, we want a Europe capable of acting to improve the day-to-day lives of its citizens in concrete ways. The EU must not make every decision. But its intervention is at present awaited in a number of important areas. These range from employment policy to the battles against drugs and organised crime, border controls and the preservation of the European social model, with all its diversity.

The intergovernmental conference is not a routine, technical exercise. The very future of Europe is at stake. It is our duty to be demanding.

Klaus Kinkel is German minister for foreign affairs. Hervé de Charette is French minister for foreign affairs.

FINANCIAL TIMES

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Friday March 29 1996

Making the EU work

Only 15 per cent of its citizens know that the European Union is today embarking on a major overhaul of its institutions, according to a poll released by the Commission earlier this week. The very name "intergovernmental conference" is so forgettable as to make this discovery unsurprising.

Five years ago two parallel intergovernmental conferences were in session, amid similar indifference. When the public discovered what they had been up to, namely the Maastricht treaty, it went into a fit of sulks which all but prevented the union from ever seeing the light of day. But the treaty did include a clause providing for a revision conference in 1996, which many saw as a chance to correct the mistakes made in 1991. If that hope is to be fulfilled by today's conference, the first thing Europe's leaders need to do is to make the public aware that it is happening.

That means they must not simply exchange compliments and then leave their civil servants to get on with the work. They must identify as clearly and simply as possible the main questions the conference has to address, and then debate the answers in a civilised but still forceful, and above all public, manner. This is one case where a little "megaphone diplomacy" would not come amiss.

It is important not to expect too much. The task of the conference is to revise the treaty. There are points on which that needs doing, but treaties by themselves cannot determine how institutions will work. And institutions do not solve real problems by their mere existence. Even the most perfect constitution ever devised would not cure Europe of unemployment. Indeed it is doubtful whether the EU as such can contribute much to solving that problem, although failure here is probably the main cause of Europessimism.

What the EU can and must do is provide a secure framework of rules and practices within which European societies can continue to coexist peacefully and engage in mutually enriching exchange. More specifically, at this particular moment in its history, it must expand that framework so as to share those benefits with the new democracies of central and eastern Europe. That means it has to change.

So the task of the IGC is threefold. It has to improve those clauses in the treaty which make running the union unnecessarily difficult. It has to change those which would be impossible or difficult to implement in a union with more members. And it has to make the union seem more controllable, and less threatening, to ordinary people.

Main actors

In the first category, it will not touch the arrangements for economic and monetary union. We shall not know whether these are workable until at least 1998, when the moment comes to decide which countries are ready to proceed to the single currency in 1999. Any attempt to reopen them now would cast doubt on the willingness or ability of member states to carry out their treaty commitments, and the markets would swiftly take note.

What the IGC will have to deal with, by contrast, are those *other innovations of Maastricht*, the "second and third pillars" of the union, in which national governments are the main actors and the supranational institutions of the Community (commission, parliament, court) are kept to an advisory role. The second pillar (foreign and security policy) has so far fallen short of expectations, while the third (justice and home affairs) has hardly functioned at all.

There are aspects of home affairs, such as immigration and asylum policy and cross-frontier crime, in which it obviously makes sense for the union to have a common policy. Decision-making in these areas must be made easier, and the UK should drop its objection to giving jurisdiction in such matters to the European court. It is in Britain's interest as much as anyone's that laws once agreed should be fairly enforced throughout the union, and it is precisely the function of the court to see that this happens.

The union needs a mechanism for forming a coherent view of external events and how they affect its interests, and a more efficient procedure for co-ordinating its policies towards the rest of the world. It is not clear that this can be best achieved by the suggestion, now widely canvassed, of appointing a senior politician as "Mr or Ms CFSP", since this person would have to compete for influence both with the Commission and with national governments. A better idea may be to strengthen the presidency by entrusting it for a year or more at a time to a team of three or four states, which should always include one of the larger ones, instead of letting every member hold it for six months by rota as happens at present.

Core functions

Member states are unlikely to accept foreign policy decisions taken by majority vote. But the desire of one or two small states to opt out of foreign policy actions should not prevent the majority from going ahead. Similarly the Western European Union, supposedly the EU's "defence component", should henceforth be clearly identified as an instrument of its foreign policy, but that need not mean that all EU members are obliged to join it.

This principle of "variable geometry" or "differentiation", which means allowing some to go ahead with a given form of integration while others opt out, is bound to be further developed as the union gets larger. The time has come to codify it, and to define those core functions of the union in which all members must participate.

Enlargement also requires a streamlining of the union's decision-making bodies and procedures. Both parliament and commission must be kept to a manageable size. That means the larger states will have to renounce their right to have two commissioners each. In return, they are entitled to insist on a voting system in the council which more accurately reflects the size of each state. Otherwise, since nearly all the new members will be small, there is a risk that states which together contain the majority of the union's citizens could find themselves regularly outvoted.

A larger union will necessarily be more diverse. The areas of law and policy it seeks to harmonise should be kept to a minimum. But within that minimum, majority voting must be accepted. If unanimity is insisted on, decision-making will become impossible.

Finally, the IGC must find ways to reassure its citizens that the union works for and not against them. It must make the procedures less complex and more transparent. The variety of ways in which legislative power is divided between commission, council and parliament, according to the subject matter, must be drastically reduced; and the council when performing its legislative function must be open to the public. Also, citizens must be assured that the union cannot arbitrarily extend its power over matters which they prefer to settle at national or local level. This is the obscurely named principle of "subsidiarity". It can be entrenched by the simple method, used in the tenth amendment to the US constitution, of stating clearly that all powers not explicitly ceded to the union are reserved to the member states.

None of these desirable changes is profoundly threatening to any state's national interest. It should not take 15 months to reach agreement on them.

Volkswagen's López awaits the verdict of the car industry on his vision of the assembly plant of the future, writes **Haig Simonian**

Prophet of the production line

To his friends, Mr José Ignacio López is the visionary who will lead the world motor industry to a promised land of lean production and peak efficiency.

To his detractors, Mr López, head of production and materials at Germany's Volkswagen, is a dangerous dreamer who has already sown discord in the industry by setting two of the world's biggest car companies on collision course.

This month, General Motors, Mr López's previous employer, filed a US lawsuit against him and 11 other VW executives, alleging industrial espionage, conspiracy and fraud. The move marked the latest twist in a legal battle which started in 1993, when Mr López and some of his lieutenants left GM for VW after a bitter tug-of-war for his services.

What makes Mr López so special as to warrant a high-profile courtroom clash between the world's biggest carmaker and the largest car company in Europe? After all, neither GM nor VW are strangers to musical chairs among top executives. Nor are Mr Jack Smith, the chairman of GM, and his colleagues shrinking violets when it comes to making or accepting tough decisions.

"Company pride and hurt personal feelings may play a part," says one analyst. "But no one would go to so much trouble if they thought López was a crackpot."

The 55-year-old Spaniard is the most trenchant voice in the world motor industry for changing the way cars are made. After a lifetime in manufacturing, his focus is not on development, sales or marketing but on the nuts and bolts of purchasing parts and assembling motor vehicles.

Purchasing and manufacturing account for the lion's share of the costs in the industry. Components, most bought from outside suppliers, comprise about 60 per cent of a car's value. Mr López made his name at GM by rethinking the way the company handled its relationships with these suppliers to cut costs and improve efficiency.

Much of what he preached is now industry practice. Multinational carmakers are trying to co-ordinate once independent functions, such as product development, manufacturing and purchasing, to exploit international economies of scale and wrest lower prices from suppliers by offering bigger contracts over longer periods.

But such innovations are only part of Mr López's message. His nirvana is to create a "factory of the future", enshrining his thinking on how vehicles should be built.

VW offers fertile ground for realising this vision: although suffering from overcapacity in Germany, it is expanding faster abroad than almost all its rivals. There are three big projects in the pipeline – in the Czech Republic, in Argentina and in Brazil.

Much of the preparation for the Czech plant at Mlada Boleslav – built to produce a new model later this year – took place before Mr López's arrival, while the scope for innovation at Pacheco in Argentina is also limited by the inheritance of an existing facility with unionised employees and established working practices.

But in Brazil, where the group is building a new $250m (£163m) truck and bus plant at Resende, he has *tabula rasa*. "Mlada Boleslav represents 45 per cent [of the goal]; Pacheco 55 per cent; Resende is 100 per cent," he says.

Details about the new plant, which is expected to produce 30,000 trucks and buses a year, are still secret. But Mr López says it will inaugurate a new relationship between a vehicle manufacturer and its suppliers. Instead of buying parts from outside, VW will ask component makers to fit their products directly on the assembly line.

Moreover, suppliers will no longer simply make individual parts, but design and develop entire "sub-assemblies". Suppliers will assume responsibility for putting together and installing four "modules" in all: the chassis; axles and suspension; engines and transmissions; and driver's controls.

Carmakers have already gone some way towards "outsourcing" functions and shortening lines of communication with their suppliers through innovations such as "just in time" deliveries. But Resende's move to bring suppliers directly onto the assembly line is unprecedented.

The way the factory will be managed is similarly mould-breaking. Responsibilities will be shared between VW and its main partner-suppliers, forming what Mr López calls a "consortium". The precise number of partners is not clear, but is likely to be between five and eight. Together with VW, they will run the plant and divide the profits.

Mr López's aim has been to reduce VW's upfront investment by persuading its partner-suppliers to stump up about 35 per cent of the venture's cost. VW will also be able to load certain other costs, such as research and development spending for component modules, on to its suppliers. The bulk of this is normally borne by vehicle manufacturers. VW will act, in effect, as a "systems integrator", co-ordinating its suppliers and taking exclusive responsibility only for marketing and selling vehicles.

A quiet, reserved man, Mr López exudes confidence about his vision. "Some day, all the cars and trucks in the world will be produced this way," he says.

Many car industry executives agree. All would like to cut their manufacturing costs to meet an expected rise in competition from newly industrialising countries, such as South Korea and Malaysia, which are planning to expand their indigenous motor industries.

In addition, many believe that devolving responsibilities to suppliers will enable plants such as Resende to come onstream more quickly than conventional facilities. Improvements in productivity should also be possible because of the scope for eliminating duplication of functions such as quality control.

"I would pay a lot of attention to what he's doing," says a senior car industry executive. "He is challenging conventional wisdom. We have seen him do a lot of things people said were impossible."

Mr Southwood Morcott, chairman of Dana, a leading US components company which is negotiating with VW about Resende, is similarly enthusiastic. "We would like to have this business – you bet," he says.

Not everyone believes Mr López's vision amounts to the shape of things to come in the car industry, however. "I'd call it utopian," says another executive. "It's too risky to go to such extremes."

Such critics focus on the risks of what they see as excessive interdependence between the carmaker and its suppliers. "No contract is for ever. If either side runs into difficulties, what do you do? If the supplier isn't up to scratch, what's the sanction?" asks the head of purchasing at a leading Japanese carmaker in Europe.

"The risk is that VW will lock itself in. No supplier will want to participate unless it has a very long-term commitment. But the industry is changing very fast. What if another supplier comes up with a better way of doing things or develops an improved component?"

Observers also question how the profits of ventures such as Resende will be shared. And they predict component companies could be put off by the "excessive" amount of working capital that would be tied up in plants structured according to the López model.

Claims by VW that the structural ideas it is putting in place at Resende could be replicated at its existing plants are also widely doubted. Critics say trade unions at many plants would never allow suppliers – which often pay lower wages than car companies – on the shopfloor.

Unions have already disrupted separate attempts by the company to offload work traditionally done by VW employees to lower-paid component company workers. An attempt by VW to "outsource" work done at its huge Wolfsburg base in Germany met stiff union resistance. In the US, GM was brought to a standstill by a strike at a brake factory over the company's plans to give outside suppliers contracts for more work.

Such examples have led many to conclude that Mr López's model is only practicable at greenfield sites such as Resende. Only when the Brazilian plant is fully running will it be possible to judge whether he is a visionary or a dreamer.

That, rather than any court actions, will be the ultimate testof whether he has been worth fighting for.

· OBSERVER ·

Not yet old boy, not yet

■ Calling Chinese fat-cats: some of you are just not good enough to join the top people's bank, no matter how much loot you have.

Who says? No less a figure than David Went, chief executive of Coutts, the British bank thatstarted life so many years back its early clients were still daubing themselves in woad. Regular customers include the British royals and other "high net worth individuals" with minimum liquid assets of, oh, about £150,000.

Went said in Hong Kong yesterday that China was not yet ready for Coutts because there was – shuffling of papers, much humming and hawing – some doubt about the legitimacy of some of its private fortunes.

"One of the issues in private banking is the reputation issue, of being assured that we are satisfied the wealth we are managing on behalf of our client has been properly sourced," said Went – who, clearly, will go far...

Manuel labour

■ After a professor, a computer salesman, and two businessmen, South Africa's finances have finally fallen into the hands of a red-in-tooth-and-claw activist, Trevor Manuel.

Five years ago, Manuel, who rose to prominence as a radical political activist in the Western Cape in the 1980s, would have struggled to tell a p/e ratio from a paw-paw. But he's shown himself a quick learner, a master of trendy business-speak, and also an independent spirit.

He and business have had a tense relationship, but, so far, his bark has proved worse than his bite; and few would swap his abrasive intellect for the somnambulance of some of his colleagues.

His new deputy, Gill Marcus, will be a formidable ally. After returning from a long spell in exile, she took over as President Mandela's no-nonsense media minder, a pillar of reliability in the shambolic early days of the unbanned ANC.

They might make a strong team.

Pressed for time

■ Things will get warmer tomorrow for Martin Bourke, governor of the Turks and Caicos Islands. A delegation of legislators from the colony arrives in London for talks with the Foreign and Commonwealth Office.

Ironically, the composition of the delegation could be seen as one of Bourke's major achievements. He has managed to unite the colony's normally at-odds political parties behind one issue – they want Bourke out.

Their wrath stems from a recent magazine interview given by him. His opponents claim that the interview suggested that Bourke "gave the impression that the Turks and Caicos Islands is unstable and lawless."

Bourke, a 49-year-old career diplomat and governor since 1993, shows no sign of shoving off from the eight-island colony, though he has staged an inadvertent, temporary retreat – recovering from an appendectomy in a Miami hospital.

Sofia or bust

■ It seems the London-based European Bank for Reconstruction and Development (EBRD) can't win.

First it was attacked for spending more on its marbled headquarters than on some of the smaller east European countries in its care. Now the "glistening bank" is getting a reputation for miserliness.

The EBRD, determined to recover some of the $1.13m cost of its annual meeting next month in Sofia, is charging for everything from the list of delegates ($50) to the right to display magazines. It used to be free to attend; now it's $100. It's even dropped the party it usually hosts.

All laudable stuff, and bound to impress the governments the EBRD is persuading to pay in an extra Ecu10bn in capital.

But some decadent westerners are beginning to grumble that the Sofia meeting sounds quite dull;the EBRD may find rather fewer turning up than the expected 2,700 bankers and businessmen.

Words in edgeways

■ What have the former communist dictators Joseph Stalin, Mao Tse-Tung, and Enver Hoxha (of Albania) got in common with Northern Ireland's protestant motor-mouth, the Reverend Ian Paisley?

The correct answer is that they all enjoy the rare privilege of having their complete thoughts published. In the case of Stalin, Mao and Hoxha, these run to quite a few tomes, most now gathering dust in obscure bookshops and the more irrelevant libraries.

You would be wrong to imagine Paisley is small fry by comparison – his religious writings and sermons will stretch to 50 volumes, beating Hoxha and Mao, if not Stalin too, by several trees.

The first five volumes of the "Library of Ian Paisley" (as the whole *oeuvre* is to be called) are on the streets in Belfast tomorrow. Rush, rush, while stocks last.

Keystroke uppercut

■ What does an economist have in common with a computer? You have to punch information into both before they are any use.

The Financial Times

50 years ago

Argentina's action criticised

Buenos Aires:- The Government's abrupt action here in nationalising the Central Bank has caused much feeling in local business and financial circles. Responsible Press comments are uniformly unfavourable, stating that this was a measure that should have been exhaustively debated in the new Congress and that it exceeded the authority of the Administration. In an interview, a former Finance Minister said that the next step was inevitably a revaluation of the gold reserves, possibly leading to the return of strict control on overseas remittance of funds.

Jet propulsion

The British industry is ahead of the rest of the world in the development of jet propulsion, which, it is expected, may be adapted for civil aviation within five years. And as jet power involves a closer co-operation with frame design than the ordinary engine does, the present period of comparative quietude is not altogether an unmixed blessing. Judged on civil aircraft actually flying in the air, the British industry may run well behind the U.S. But it will not be there for long.

FINANCIAL TIMES
Friday March 29 1996

Irish PM calls for compassionate treatment of IRA prisoner

Dublin warns of 'logjam' threat

By Edward Mortimer and John Murray Brown in Dublin

Mr John Bruton, the Irish prime minister, yesterday warned Britain not to allow next June's all-party talks on Northern Ireland to be "logjammed" by the weapons decommissioning issue or jeopardised by unionist posturing in the elected assembly.

He also appealed for compassionate treatment for a dying Irish Republican Army prisoner, suggesting such a humanitarian gesture could help persuade the IRA to restore its ceasefire.

In his first interview with a UK newspaper since taking office 15 months ago, Mr Bruton urged clemency for Mr Patrick Kelly, an IRA activist serving a 20-year sentence in Northern Ireland on a conspiracy charge, said to be terminally ill with cancer.

"A humanitarian gesture in such a case can have benefits out of all proportion to its direct significance," he said.

The Irish government has been seeking Mr Kelly's transfer to Portlaoise prison in the republic. In a speech on Sunday Mr Albert Reynolds, Mr Bruton's predecessor, said Mr Kelly had only weeks to live, and warned his death in prison "would only create another republican martyr".

Mr Bruton said the all-party talks, scheduled to start on June 10, must not become "logjammed" by concentrating on the single issue of decommissioning IRA weapons.

This issue held up the setting of a date for talks until last month, when the British government waived it as a precondition. But London then decided to pacify unionist opposition by holding elections in Northern Ireland to select participants in the talks.

The Irish government agreed to back these elections, but neither Sinn Féin, the IRA's political wing, nor the nationalist SDLP, has yet committed itself to take part in them.

Mr Bruton said it was vital that the elected forum, in which unionists would have a built-in majority, "should not become a place where those engaging in what will inevitably be difficult negotiations will be constantly second-guessed by people sitting on the sidelines who are attempting to inflame public opinion in an unhelpful way". The necessary compromises, he said, would not be "facilitated by the maintenance of a running commentary by third parties".

In a separate interview Mr Dick Spring, the foreign minister, reinforced this point, saying there should be "no further additions and no more complications" in the UK enabling legislation for the elections. The SDLP would need to be reassured that the forum would not turn into a permanent "majoritarian assembly".

The opposition Fianna Fail party, which is closer to both Sinn Féin and the SDLP than is the government, believes both parties will boycott meetings of the elected forum even if they agree to take part in the elections.

Philippines sell-off package aims to revitalise reforms

By Edward Luce in Manila

Mr Fidel Ramos, the Philippines president, yesterday injected fresh momentum into the country's economic reform programme with a large package of privatisation, deregulation and market opening measures.

The president approved a $5bn privatisation of Manila's water and sewerage system, which is scheduled to take place by the end of the year. He also endorsed full deregulation of the politically sensitive oil industry, including an end to petrol price subsidies, and the abolition of quantitative curbs on all agricultural imports except rice.

Mr Ramos, who has two years left of his six-year presidential term, urged the Philippines' volatile congress to ensure the passage of other reforms this year, including enactment of a comprehensive tax system reform and the $7bn privatisation of the national power corporation. He also wants to remove all restrictions on foreign ownership in the retail sector.

The president has come under heavy criticism in the last six months for letting the country's four-year reform programme get bogged down in a series of congressional slanging matches.

"The president has clearly injected some spine into an administration which appeared to be drifting for a time," said Professor Julius Caesar Parrenas at the University of Asia Pacific in Manila. "It is probably now safe to say that the show is back on the road."

The International Monetary Fund, which earlier this month congratulated the government on reining in monetary growth after excessive expansion of broad money last year, has urged to prevent congress from diluting tax reforms.

Members of the legislature have tabled a mounting list of exemptions to an expanded value added tax introduced this year and threatened to water down a new income tax system. Enactment of the amendments would result in an overall revenue loss for the government.

Mr Roberto De Ocampo, secretary of state for finance, said Mr Ramos would use the presidential veto for the first time since taking office if congress did not reverse its amendments to the tax reforms. "If the worst comes to the worst the president will veto the amendments to VAT," said Mr De Ocampo. "Fiscal reform is important enough to merit this departure," he said.

Price of democracy, Page 6

Ahold buys US stores

Continued from Page 1

used to repay debt. Stop & Shop, with 1995 sales of $4.1bn, operates 159 supermarkets of the same name, as well as 17 Mel's Foodtown supermarkets, 28 Purity Supreme supermarkets and 64 Li'l Peach convenience stores. By comparison, Ahold's existing 650 US supermarkets had 1995 sales of $8.3bn.

Stop & Shop's recent expansion, and a competitive environment for retailers, have held back profits in 1995. Net earnings of $68m for the year compare with $82.7m in 1994.

Ahold has also expanded swiftly in Portugal, the Czech Republic and Poland and recently unveiled plans to enter Asian markets. "We will continue to actively pursue growth opportunities both in central and southern European markets, Asia and the United States," Mr Cees van der Hoeven, Ahold's president, said last night.

THE LEX COLUMN

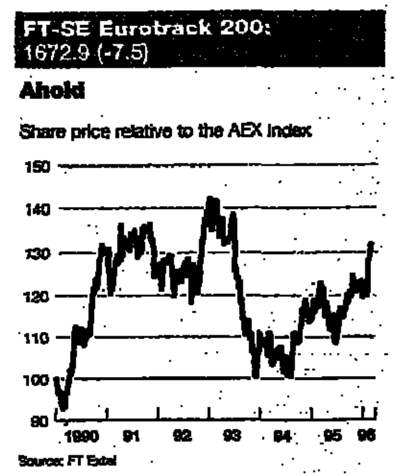
Ahold's shopping spree

Royal Ahold's planned acquisition of Stop & Shop, the US superstore chain, is an ambitious move, even for the internationally-minded Dutch food retailer. It will become the fifth largest food retailer in the US market. And at nearly $3bn including debt, the deal will stretch Ahold's balance sheet initially. But the plan is to refinance the deal with a mixture of ordinary shares and convertible and cumulative preference shares.

Strategically, the deal is a sound one. Stop & Shop is a well-managed and innovative chain, and provides an excellent geographical fit with Ahold's five existing superstores on the US east coast. Freed from the overhang of debt from its Kohlberg Kravis Roberts buy-out, it should perform even better.

Nonetheless, given the poor record of many retailers in overseas markets, there is room for a degree of scepticism. Ahold, though, has a successful record of overseas expansion. Furthermore, there are particular opportunities for European retailers to exploit their expertise in turning the screws on food manufacturers – a group which tends to have the upper hand in the US. For example, Shaw's, the chain owned by J. Sainsbury, has substantially increased sales of own-label products. The move should also be an added incentive for Sainsbury to buy Giant Food, the US supermarket chain in which it holds a minority stake – particularly given its slipping market share in the UK.

FT-SE Eurotrack 200: 1672.9 (-7.5)



Source: FT Extel

Nestlé

The 15 per cent improvement in Nestlé's net profits last year (excluding currency and capital gains) is a tribute to the food group's resilience in tough markets. Granted, much of the improvement was due to an unexpectedly low tax rate. But 1995 was also the year that Nestlé suffered a jump of up to 50 per cent in the cost of coffee beans. Since coffee accounts for around a quarter of profits and makes operating margins of over 20 per cent in a normal year, Nestlé did well to hold group margins at nearly 10 per cent – comfortably above those at Unilever and Danone, its two big European rivals. Nestlé also turned in the best sales performance of the three, with volumes up 3.4 per cent compared with 1.5 per cent at Unilever.

The Swiss group looks well placed for the future. Coffee bean prices have dropped back, which should boost profits in 1996, and analysts expect earnings growth of 10 per cent this year and next. Prospects could be further enhanced by a tidying-up of the portfolio. Given its penchant for brand names, Nestlé's continued involvement in packed meats looks odd. And in European pet food it is now a distant third to Mars and Dalgety. But the big business areas, including confectionery, coffee, mineral water and ice cream, all have strong market positions. And in the long term, Nestlé, as a pure food company, does not have Unilever's headache of having to compete with Procter & Gamble in detergents. But it has an equally attractive exposure to rapidly growing markets in Asia, Africa and Latin America, while Danone is still largely dependent on sluggish Europe.

Hutchison/Jardine

The results of Hong Kong conglomerates Hutchison Whampoa and Jardine Matheson yesterday were replete with irony. Hutchison has turned its back on the ambitious overseas diversification undertaken by Mr Simon Murray, former managing director. Yet his much maligned deals in Asian broadcasting, through Star TV, and UK mobile telecoms, through Orange, are bank-rolling the group while underlying profits fade. Meanwhile, Jardine, which still espouses a philosophy of geographical diversification, got hit by its share of Trafalgar House's losses and inventory write-downs at its Australian retail arm.

Hutchison's profits surge owes more to luck than anything else. Its property landbank ran out just as the property market collapsed, and the sale of Star and flotation of Orange are filling the vacuum. Meanwhile, cash from reducing these investments has helped rebuild a cheap Hong Kong landbank, which will support a rebound in underlying profits in 1997. The current 6 per cent discount to estimated net assets of HK$52 a share looks excessive. Given chairman Li Ka-shing's deal-making skills, a premium looks justified.

Jardine has been less lucky, but profits are set to recover. Hong Kong's bombed-out car market can only improve, while increasing stock market activity will help Jardine Fleming. Trafalgar is being buried, and Jardine's partnership with Hutchison in the Tsuen Mun river terminal development indicates both a refocusing of attention on Hong Kong and a re-acceptance into the Chinese business community. At 11 times pre-exceptional earnings for 1996, the shares look cheap.

RJB Mining

Say what you like about Mr Richard Budge, but thanks to him Britain does at least have a commercially viable – if rather small – coal industry. But his company, RJB Mining, still faces some tough challenges. With gas prices chronically low, demand for coal is falling. And against this dismal backdrop, RJB is soon going to have to renegotiate its main, artificially fat contracts with Britain's power generators.

So far, RJB's performance has certainly exceeded all expectations. Few would have believed that it would already be strong enough to be planning a £100m buy-back of its own shares. For those who took the risk and backed Mr Budge, the handsome premium over 1994's rights issue is richly deserved. Their shares have already outperformed dramatically over the last year, as investors have been enticed by the shares' apparently lowly rating.

The trouble is that the rating may look low, but so it should: this stock is high-risk by any yardstick. To sustain margins at anything like the present levels after 1997, genuinely dramatic productivity improvements would have to be achieved. So far, unit costs have been cut by only 7 per cent since the old British Coal days. And maintaining even this rate of progress will not be easy in a business with such high fixed costs. Moreover the planned share buy-back, though it will give a handsome boost to earnings, will cause net debt to grow – adding to the risks.

There is no disputing Mr Budge's success so far, and he is clearly a stayer. But at the current price, the market is placing too much weight on the present and too little on the future.

Additional Lex comment on UK Utilities, Page 23

Western security services under fire

UK report on intelligence agencies in Britain and US raises concern of complacency

By Andrew Adonis in London

The British and US security services are exhibiting alarming complacency in the wake of the crisis in America's intelligence operation in Russia, according to the UK parliament's security services committee.

In language reminiscent of the cold war, it also raises the concern that Russian espionage is "once again on the increase" and says that extra security resources may be needed to combat this "target".

In its first annual report, published yesterday, the committee says it is "not satisfied" that the damage done to UK security interests by the CIA traitor, Mr Aldrich Ames, is being addressed "on either side of the Atlantic with the sense of urgency... appropriate for a matter of such serious concern".

Mr Ames, the most damaging traitor in CIA history, betrayed much of the US intelligence effort in Russia and the former Soviet Union over a 10-year period until his exposure in early 1994. MI6 believe that in one incident alone he betrayed the identity of 13 CIA agents, nine of whom were executed and three imprisoned.

The committee's sweeping criticism – first submitted to Mr John Major last December – took MPs by surprise. Chaired by Mr Tom King, a former defence secretary, and including among its members Lord Howe, the former foreign secretary, the nine-member watchdog was set up as part of the 1994 reform of the UK's three intelligence and security agencies.

Based on evidence from MI6, the parliamentarians say it is "unacceptable that two years after a major betrayal, the Americans have still not provided the UK [security] agencies with a detailed read-out of the damage Ames did to UK assets and agents".

Their criticism extends to MI6 itself, and by implication to ministers. They note that MI6's own inquiry into the effect of Mr Ames's treachery began only last November, and criticise "significant lapses in the procedures for the briefing of ministers on an area of such considerable security importance".

Mr Major said yesterday he was "satisfied that ministers were adequately briefed" about the Ames crisis, and that "on the evidence so far available, damage to UK interests was not great".

However, in his formal response to the report he failed to comment on the criticism of the CIA.

The report provides the most detailed official account yet of the activities of MI5, MI6 and the government communications headquarters at Cheltenham.

It says that since the end of the cold war, MI6 has reduced its work on Russia and the former Soviet states by two-thirds, releasing resources for new targets such as organised crime.

MI5 will devote at least half of its resources to combatting Irish terrorism "for at least the next year".

The security services will cost £799m ($1.2bn) this year. Mr King said he was "fully satisfied" that they offered value for money.

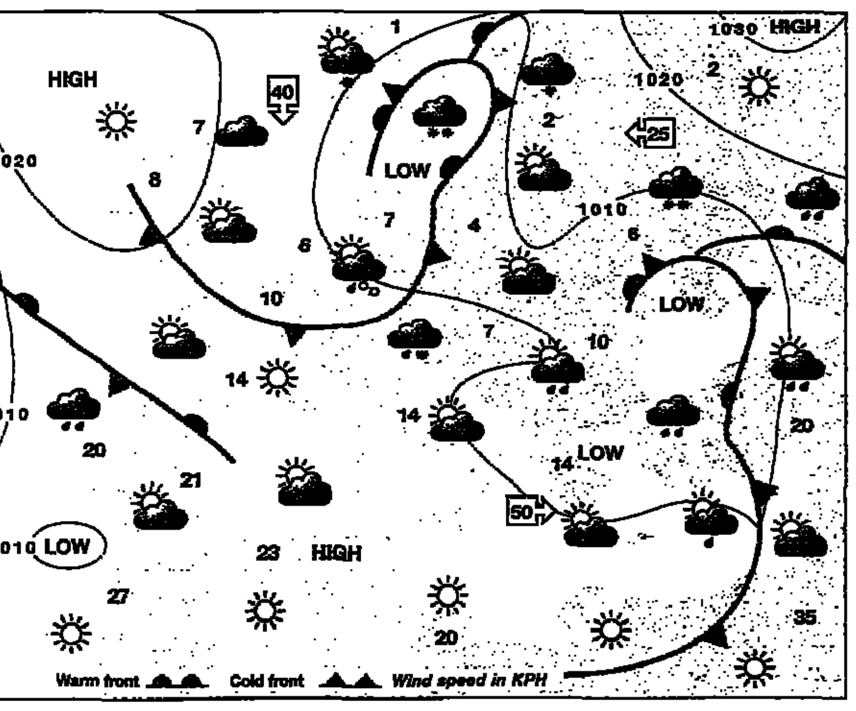
FT WEATHER GUIDE

Europe today

A weak depression moving across the British Isles from the north-west will result in cloud and rain in northern France, eastern Germany and near the Alps. The Alps can expect some snow. In the wake of the depression, the Benelux and the British Isles will clear but the eastern Benelux will have rain or even soft hail showers. The Benelux will remain cool with maximum temperatures around 6C. France and Germany will have afternoon temperatures below normal. Northern Spain will have cloud and possibly showers. Temperatures in Andalusia will exceed 25C. Italy and the Balkans will become sunny. Greece and the west coast of the Black Sea will see light showers.

Five-day forecast

By the weekend, the chance of rain in the Benelux will be small. Later on, there will be dry periods with sunny spells. Germany and the Alps will be cloudy with occasional rain. High pressure will keep the British Isles predominantly dry with numerous sunny spells. Spain and Portugal will have some cloud and rain at the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES (Maximum Celsius)

Abu Dhabi	sun	25
Accra	fair	31
Algiers	sun	22
Amsterdam	cloudy	7
Athens	shower	15
Atlanta	fair	24
B. Aires	sun	28
B.ham	cloudy	8
Bangkok	shower	37
Barcelona	cloudy	18
Beijing	fair	16
Belfast	fair	8
Belgrade	cloudy	10
Berlin	rain	8
Bermuda	fair	18
Bogota	cloudy	18
Bombay	fair	33
Brussels	shower	7
Budapest	fair	7
C.hagen	sleet	5
Cairo	sun	29
Cape Town	shower	25
Caracas	fair	28
Cardiff	fair	7
Casablanca	sun	22
Chicago	cloudy	7
Cologne	hail	8
Dakar	sun	28
Dallas	fair	24
Delhi	sun	32
Dubai	sun	24
Dublin	fair	8
Dubrovnik	shower	12
Edinburgh	fair	7
Faro	sun	21
Frankfurt	cloudy	7
Geneva	cloudy	11
Gibraltar	sun	22
Glasgow	fair	7
Hamburg	hail	6
Helsinki	snow	2
Hong Kong	shower	23
Honolulu	fair	27
Istanbul	shower	12
Jakarta	fair	31
Jersey	fair	8
Karachi	fair	31
Kuwait	sun	25
L. Angeles	sun	22
Las Palmas	sun	23
Lima	fair	26
Lisbon	fair	22
London	cloudy	9
Lux.bourg	shower	7
Lyon	fair	10
Madeira	sun	21
Madrid	fair	22
Majorca	fair	20
Malta	sun	16
Manchester	cloudy	8
Manila	cloudy	30
Melbourne	shower	24
Mexico City	sun	22
Miami	fair	29
Milan	fair	15
Montreal	snow	2
Moscow	cloudy	1
Munich	sleet	3
Nairobi	shower	29
Naples	fair	14
Nassau	fair	28
New York	snow	1
Nice	sun	16
Nicosia	rain	18
Oslo	cloudy	2
Paris	cloudy	10
Perth	fair	21
Prague	cloudy	6
Rangoon	fair	33
Reykjavik	cloudy	6
Rio	fair	34
Rome	fair	14
S. Frsco	fair	18
Seoul	rain	16
Singapore	rain	32
Stockholm	snow	3
Strasbourg	rain	7
Sydney	fair	24
Tangier	sun	22
Tel Aviv	fair	25
Tokyo	fair	15
Toronto	fair	7
Vancouver	cloudy	10
Venice	fair	13
Vienna	cloudy	7
Warsaw	fair	3
Washington	rain	11
Wellington	fair	17
Winnipeg	snow	-2
Zurich	rain	6

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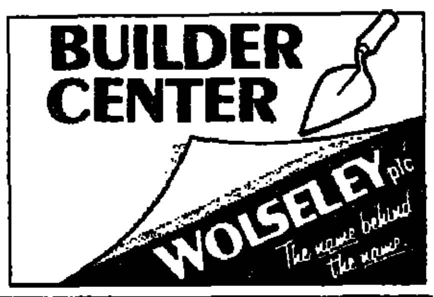


IN BRIEF

ING rises 15% and plans NYSE listing

ING Group, the big Dutch financial services group, posted a 15 per cent rise in net profits to Fl 2.65bn ($1.6bn) for 1995, a year which it described as "special" because of its takeover in March of Barings, the collapsed UK investment bank. ING said it planned to list on the New York Stock Exchange in 1997 and to carry out a 2.5-for-1 share split in June. Page 20; NationsBank to list in London, Page 19

Bertelsmann sees big profits rise for year
Bertelsmann, Germany's largest publishing and entertainments group, expects a substantial rise in profits for the year ending in June. Page 18

Unions press for seat on Kmart board
Two US trade unions have announced a plan to have their nominee elected to the board of Kmart, the struggling US retailer. The unions are calling for a review of how Kmart can lift its stock price. Page 19

Buoyant Benetton rises to L220bn
Benetton, the Italian clothing group, reaped the fruit of a price-cutting and investment programme as it pushed up profit to L220bn ($141m) after tax in 1995, against L210bn the previous year. Page 20

Jardine Matheson slips 7% to US$420m
Jardine Matheson, the Hong Kong conglomerate, announced net profits of US$420m for 1995, a fall of 7 per cent over 1994. Page 21

Redland poised to announce bricks buyer
Redland, the UK building materials group, expects to announce a buyer for its UK brick business and details of a restructuring of its European building materials business within four weeks. Page 23

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Holzmann	682	+	6	Alcatel	454.8	+	20.2
Porsche	835	+	9	Bouygues	510	+	16.5
Falls				Imetal	740	+	24
Allianz	2766	–	36	Immobanque	779	+	29
Altana	967	–	13.6	**Falls**			
Siemens	810.2	–	7.4	Danone	762	–	68
Viag	623.5	–	18.5	Total B	399.9	–	11.4
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Cable Wirless	23¼	+	1⅞	Cosmo Oil	644	+	16
Sterile Con	20⅞	+	2⅛	Godo Shusei	684	+	51
Stop & Shop	33	+	6⅝	Nippon Shinpn	810	+	36
Falls				Renown	400	+	25
Asarco	38⅝	–	1⅝	**Falls**			
HCC Ins Hldg	53⅜	–	3⅛	Hino Motors	850	–	29
Paragon Trade	20⅝	–	1⅝	Kagome	951	–	29
LONDON (Pence)				**HONG KONG (HK$)**			
Rises				**Rises**			
Cable & Wire	511½	+	34	Oriol Press	3.55	+	0.35
Hyder	752	+	18	Shanghai Gwth	6.0	+	0.25
Natl Express	502	+	16	Vertronix	14.3	+	0.55
RJB Mining	585	+	39	**Falls**			
Falls				Emperor IHL	2.35	–	0.22
Ayrshire Mtl	138	–	12	Fairyoung Hld	2.8	–	0.35
Jacques Vert	77	–	48	SCMP Hldgs	5.0	–	0.25
TORONTO (C$)				**BANGKOK (Baht)**			
Rises				**Rises**			
Aber Res	17⅛	+	1⅝	Amarin Prntng	28.5	+	2.5
Norwall Group	5⅝	+	¾	Siam Syntech	37.75	+	2.25
Falls				Sunwood Inds	27.5	+	2.25
Exxon Tech	8⅛	–	1½	**Falls**			
Livent	11⅜	–	1	New City	31.5	–	5.0
Metrowerks	12¾	–	1	Textile Prntg	47.0	–	9.5
Utd Cdn Shr	18	–	1¼	Thai Indl Gas	42.0	–	11.0

New York and Toronto prices at 12.30pm.

VW surprised by 14% sales rise

German carmaker claims increase in European market share as earnings per share jump to DM22

By Wolfgang Münchau in Wolfsburg

Volkswagen, Europe's largest car maker, said the first quarter this year had been one of the best sales periods in the company's history with unit sales up 14.2 per cent compared with the same period last year.

The strong sales performance this year follows a mixed set of results for 1995, although VW appeared to brush off the downturn in the German economy better than had been expected.

At the company's annual news conference yesterday, Mr Ferdinand Piëch, chairman, said: "We are cautious. We did not expect the first quarter to have turned out as good as it did. We don't know why this is going so well, and if you don't know, it's better to be cautious. In many countries where we are doing well, the economy has hit trouble."

Financial analysts, however, interpreted his statement as reflecting the company's policy to err on the side of caution in its forecasts, after over-optimistic predictions several years ago.

Mr Klaus-Jürgen Melzner, motor analyst at Deutsche Morgan Grenfell, said: "We have become more optimistic as far as volumes are concerned, and the same goes for profits. We do not think that unit sales will stay ahead at 14 per cent, but 6 or 7 per cent is possible this year."

VW detailed its financial results for 1995, when it says it increased its European market share by one percentage point to 16.8 per cent.

The figure that caused most surprise yesterday was the strong rise in earnings per share from DM9.50 to DM22, based on a formula used by German financial analysts.

After VW reported earlier this month that net profits had gone up from DM186m to DM336m ($225m) in 1995, analysts had forecast an earnings range of DM14 to DM15. The difference is largely due to higher reserves.

Operating profits were down compared with the previous year, a reflection in part of the more difficult domestic economy and the strong D-Mark.

Mr Piëch said: "We cannot be satisfied with the quality of our results." He referred to a return on turnover of only 1.3 per cent last year, far below the end-of-decade target of 6.5 per cent.

Mr Bruno Adelt, finance director, said: "A significant push will come once we have converted our product range."

VW estimates each new model takes half the time to build of its predecessor, leading to productivity gains of 25 per cent.

Mr Piëch, who has taken on the role of VW's development chief, yesterday reinforced the pledge to become the first carmaker to produce a lightweight diesel car with a fuel consumption of only 3 litres per 100km.

The other main product development will be proliferation of models. In 1998, the VW brand will have more models on sale than was offered by the entire group in 1992.

Break-even capacity utilisation - a key indicator to measure a car plant's profitability - has deteriorated from 65 per cent to 72 per cent last year at Volkswagen AG (the core group excluding subsidiaries). Mr Adelt said the higher break-even capacity was the result of new model start-ups but was in the range of the usual fluctuations.

Last year, VW Group increased unit sales 8.2 per cent to 3.6m, with turnover up 10.1 per cent at more than DM88bn.

Net profits for Volkswagen AG jumped DM345m to DM410m. Mr Piëch said the main changes last year were an increasing proportion of exports, the trend towards smaller cars and the move in exchange rates.

VW did not provide full details of its subsidiaries' results, but said the Volkswagen AG group had achieved the highest growth. Prophet of the production line, Page 15

A battle for sales is raging among hardware producers, writes Michiyo Nakamoto

Japan's games makers turn to the martial arts

Japanese video games fans are in luck. They have been taking advantage of enticing deals from two of the three most successful games machine makers in the industry, Sega and Sony Computer Entertainment.

The companies, which recently began a campaign to boost market share in Japan, are frantic to get as many consumers as possible to buy their 32-bit machines, before Nintendo, the market leader, brings out its long-awaited 64-bit machine in June.

This month, Sega slashed the price of the New Sega Saturn by up to 42 per cent to Y20,000 ($187), to win over prospective buyers who were previously put off by the price tag of Y34,800. SCE countered Sega's move with a similar price cut for its PlayStation.

The moves highlight the battle unfolding this year in Japan, the biggest video games market in the world, between the two relative newcomers - SCE was formed in late 1993 while Sega is just beginning to build up its share in Japan having been market leader in Europe.

The video games makers are scrambling to succeed in the Japanese market because they believe it holds the key to future profits growth in an increasingly cut-throat global industry.

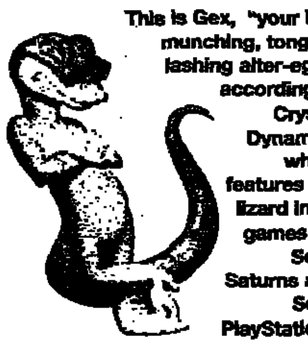
Although Sega and SCE are steadily expanding sales of their 32-bit machines in the US and Europe, the difficulties video games makers are facing overseas was underlined by last month's announcement that Sega would take a Y26bn extraordinary loss in its results to the end of March to reflect a write-down on unsold inventory of 16-bit machines and the costs of scaling back its European sales operations.

Japanese video games makers are also suffering growing competition from PCs particularly in the US, where 80 per cent of PCs, including laptops, will by this year be equipped with CD-Rom drives, enabling users to play popular games, notes Mr Joseph Osha, industry analyst at Merrill Lynch in Tokyo.

The 32-bit machines from Sega and SCE provide better graphics and sound quality than earlier 16-bit models. However, they will be outdone by Nintendo's new 64-bit machine which has far larger processing power. Sega and SCE have not announced plans for 64-bit machines.

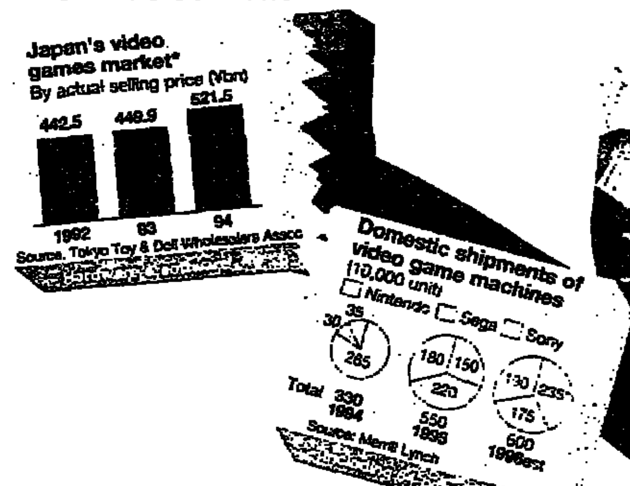
Sega and Sony have benefited from delays in Nintendo's plans to launch the Nintendo 64, developed with Silicon Graphics, the US maker of workstations.

Earlier this month, Nintendo conceded that it would have to postpone the machine's launch, originally planned for April, for the second time, and suffered a sharp 8 per cent fall in its share price as a result.



This is Gex, "your bug munching, tongue-lashing alter-ego", according to Crystal Dynamics which features the lizard in its games for Sega Saturns and Sony PlayStations

Locked in combat



Jacky Bryant, of "Virtua Fighter 1" on Sega Saturn

The delay has put Nintendo on the defensive. The prices of its 16-bit machines and software have plummeted and its share of the domestic market has slipped in the face of intense marketing and aggressive pricing by Sega and SCE.

The more pessimistic analysts forecast that Nintendo's share of the Japanese market will drop from more than 80 per cent in 1994 to just over a third next year.

Nintendo hopes to prove them wrong with its new machine which boasts superior graphics and an added feature enabling users to rewrite the software.

"This year, the video games market in Japan is going to be very interesting," says Mr Kunihiko Kawada, analyst at James Capel in Tokyo. Industry expectations are that Nintendo will be able to sell quickly between 2m and 3m units of the Nintendo 64.

Sega and SCE are both targeting unit sales of about 3m each by the end of this year. Given that the largest number of video games machines ever sold in a single year in Japan was 4.5m units, combined unit sales of nearly 9m units looks ambitious.

The battle over the Japanese market underlines the growing difficulty companies face in making profits from video games. In its heyday in 1993, Nintendo made more profits than Matsushita, the consumer electronics company which is several times its size. But increased competition has put a squeeze on hardware profits and more importantly, on profits from the more lucrative software sales.

Nintendo, for example, makes substantial profits on manufacturing games cartridges for independent software companies, charging them consignment fees. With greater competition among hardware makers, these software companies now have more bargaining power and fees have dropped to about one-third of previous levels, notes Ms Naoko Ito, industry analyst at Goldman Sachs in Tokyo.

Video games makers will no doubt enjoy further sales growth in Japan in the next few years. But beyond that, growing competition from PCs and the shift to on-line services do not bode well for makers of dedicated video games machines. "This is the last generation free-standing video games machine," Mr Osha predicts.

The outlook for software makers looks brighter. Those interested in investing in the video games market further ahead, might take note of Ms Ito's advice to invest in software developers instead.

Alcatel Alsthom slides into FFr25.6bn loss

By Andrew Jack in Paris

Alcatel Alsthom, the French telecommunications and engineering group, yesterday reported losses of FFr25.6bn ($5bn) for 1995, the largest in the country's corporate history.

The losses - which followed profits in 1994 of FFr3.6bn - included FFr23.1bn in exceptional provisions and depreciation charges reflecting a restructuring programme launched last year by Mr Serge Tchuruk, after he took over as chairman of the group nine months ago.

The group also reported total sales down 4.3 per cent to FFr160.4bn during the year, and operating income after allowing for pension costs and employee profit-sharing of just FFr600m, compared with FFr8bn in 1994.

Mr Tchuruk said yesterday that his recovery plan should see the group break even during 1996, and "a good level of profitability in 1998, of about 4 per cent of sales".

He recommended a dividend of FFr8 a share, against FFr15 in 1994. He said this was to reward shareholders' loyalty and express confidence in achieving recovery.

Alcatel Alsthom has launched job cuts totalling 12,000 across its operations. Further details would be announced shortly as part of its drive to reduce costs by FFr7bn a year over the next two years.

It said it intended to sell FFr10bn in non-essential activities, mostly during 1996. Its non-strategic copper cable activities in the US have been sold recently, and other divestitures will include Rediffusion, its Swiss cable television network, and its control of vineyards in Bordeaux.

Alcatel announced details of its plans to merge with its Alcatel Cable subsidiary, with shareholders receiving one share in the parent company for each share they hold in the cable business. The group said the reorganisation would allow it to reduce costs by better centralising a range of functions.

Separately, the group said yesterday that it had signed an accord with Siemens of Germany for the joint marketing of high-speed trains outside Europe and the US, with the emphasis on Asia. This reflects Mr Tchuruk's aim to develop alliances and partnerships. It has made agreements with Sharp for mobile telephones, and Mitsubishi of Japan for rail transport and electronic components.

He expressed interest in Thomson, the state-controlled defence contractor set to be privatised. He said there were strong similarities between the two groups, and he would be studying ways for them to co-operate.

Mr Tchuruk, former chairman of Total, was appointed after his predecessor, Mr Pierre Suard, was banned last year by a French magistrate from any contact with the group, as part of an on-going inquiry into alleged corruption and over-charging of clients.

Deutsche Bank expands to take on US rivals

By Andrew Fisher in Frankfurt and Nicholas Denton in London

Deutsche Bank is to step up its spending on investment banking this year in a demonstration of its resolve to build a European investment bank to rival the US houses.

Mr Hilmar Kopper, chairman, said the group would spend an additional DM700m in 1996 after having already spent DM400m on expansion in 1995. This spending comes on top of the existing costs of Deutsche Morgan Grenfell, the investment banking business, which analysts estimate to have been DM1.7bn in 1994. Germany's largest bank also said yesterday a switch to international accountancy standards had revealed hidden reserves of DM20bn ($13.4bn).

Deutsche also said it expected higher profits this year following a 24 per cent rise to DM2.1bn in 1995.

The DM700m would be spent on salaries for new specialist hirings and on computerised trading equipment. The commitment - together with the £950m ($1.4bn) paid by Deutsche Bank to acquire Morgan Grenfell of the UK in 1989 - is the largest by any European commercial bank in investment banking.

The extra expenditure will allow Deutsche Morgan Grenfell to hire another 200 professionals in addition to the 185 it has taken on since the expansion began in 1994.

DMG is building trading floors in New York, Frankfurt and Singapore on the model of the room with 462 trading stations it opened at a cost of £20m this month in London. The recruitment is part of an expansion which DMG said it intended in Japanese and UK equity sales and trading. DMG also disclosed it would hire corporate financiers to build a US advisory business.

Disclosure of the untaxed and unrealised hidden reserves follows the bank's adoption of international accounting standards (IAS). The reserves represent the difference between the DM30bn book value of quoted bonds and shares and their DM50bn market value at end-1995. They do not include property assets or unquoted holdings.

Greater pressure from shareholders for improved performance and disclosure is forcing German banks to reveal more of their inner worth.

Mr Kopper said the decision, announced last December, to move to IAS "lies in the logic of our global strategy". The bank was aiming for full disclosure of figures and targets, he added. The value of the hidden reserves (if taxed at 57 per cent and realised) would add DM8.5bn to the bank's value, making DM36.5bn when combined with the DM28bn of shareholders' equity (DM4.6bn higher under IAS).

This was about DM2.5bn above the stock market capitalisation at the end of last year, he said. Yesterday, the shares closed 84 pfennigs lower at DM75.90.

Some analysts expressed disappointment at the results, noting that lower taxes - reflecting losses on the collapse of Mr Jürgen Schneider's property empire - steeply higher trading profits after a poor 1994, and much reduced risk provisions had improved an unexciting underlying result.

Elaborating on 1996, Mr Kopper said "the very positive development of the first two months" strengthened the expectation of an improved performance. He described 1995 as "a good year for Deutsche Bank".

Expansion drive, Page 18

Bertelsmann forecasts profits rise for full year

By Judy Dempsey in Berlin

Bertelsmann, Germany's largest publishing and entertainments group, expects sales to rise 6 per cent to DM21.5bn ($14.45bn) and a substantial rise in profits for the year ending in June. This is despite the economic slowdown, growing competition and higher paper costs, the company said yesterday.

Group sales for the first half to last December showed an overall decline compared with the same period a year ago. But Bertelsmann said it was still restructuring and integrating its two main investments, which it recently acquired. These include the magazine group previously owned by the New York Times, and Ricordi, the Italian music publishing company.

Interim sales rose 5 per cent to DM10.9bn, with foreign sales and BMG Entertainment, its rapidly growing entertainments division, showing the strongest growth. Foreign sales increased 6.1 per cent to DM7.2bn while domestic sales rose only 2.3 per cent to DM3.7bn. Turnover in BMG Entertainment, which includes music publishing, recording labels and television, grew 10 per cent to DM3.8bn.

Sales in its book division, the mainstay of the company, slipped 1.6 per cent to DM3.5bn, while at Gruner + Jahr, its newspapers and magazines division, they fell 2.8 per cent to DM2.3bn.

The cost of paper will increase Bertelsmann's costs by DM100m this year. Intense competition in the German newspaper market to attract advertising and circulation also affected the results.

The group's operating result fell 16 per cent but Mr Siegfried Luther, Bertelsmann's chief financial officer, said the company was in line to "surpass" the previous year's net profits of DM817m on sales of DM20.5bn. The company added it did not expect its multimedia projects, launched over the past six months, to yield profits in the short-term, confirming that start-up costs would be heavy.

These projects include the joint venture with America Online, the fastest growing online service in the US, launched last November in Germany, France and the UK with an initial investment of DM300m.

The most recent investment, aimed at catapulting Bertelsmann into the digital television market, was the consortium set up earlier this month with Mr Rupert Murdoch's British Sky Broadcasting, Canal Plus, the French commercial television network, and Havas, the French media group.

German shops warm to idea of customer as king

Consolidation and competition are under way but there is still much to do, reports **Judy Dempsey**

If the management of KaDeWe, Berlin's most famous department store, had its way, it would keep its doors open until at least 4pm each Saturday. The ambition may seem modest, but with the exception of one Saturday each month, most shops close at 1pm. They remain closed until until Monday.

KaDeWe, located on Kurfürstendamm, the main shopping district of west Berlin, would dearly love to open for longer. It is facing tough competition from Galeries Lafayette, the Parisian department store which last month opened in Mitte, the heart of east Berlin. Moreover, the odd opening hours mean city authorities and retailers are losing sales tax and revenue respectively.

KaDeWe recently tried but failed to reach agreement with its Betriebsrat, or works council, to extend the shopping hours. The management, meanwhile, is waiting for the federal government to push through a new law allowing shops to stay open late during weekdays and weekends.

The example of KaDeWe illustrates how some of Germany's retailers are trying to win back consumers who have curbed spending in the past three years because of increased taxes and fears of unemployment. Turnover in retailing fell 2 per cent last year, with little prospect of growth this time.

These economic pressures are forcing a change in a sector where until very recently the customer and service mattered little, design and layout played only a marginal role, and choice in price hardly existed.

But while KaDeWe waits for a change in the legislation, the Metro group, Germany's largest discount and cash-and-carry group which last year had a turnover of more than DM70bn ($47bn), is pressing ahead. Earlier this month, it merged its operations, placing Asko, Deutsche SB-Kauf and Kaufhof, its retailing subsidiaries, under one roof.

Mr Ken Costa, responsible for mergers and acquisitions at SBC Warburg, and one of Metro's advisers, says the merger will create Europe's largest retailing group, with a gross consolidated turnover of DM76.4bn by 1998. "The retailing sector is changing rapidly in Germany and in Europe. Further consolidations are expected," he says.

The Metro consolidation is important for another reason. More attention is being paid to the shareholder and consumer. "The concept of focused mangement with specific financial targets and the determination to improve shareholder value are the main drivers of this merger," says Mr Costa. Metro's consolidated pre-tax profits this year are expected to rise from DM1.1bn to DM2.1bn in 1998.

The consumer is expected to gain, too. The Metro Group is unashamedly pursuing an aggressive discounting policy, with longer opening hours at its cash-and-carry warehouses, and a marketing policy aimed at winning customer loyalty.

"Metro is competitive, offers cheaper prices and provides a service to the consumer," says Mr Harry Christopoulos, retailing analyst at BZW. "This compares sharply with the old-fashioned nature of other German retailers. But this is changing. We see a change in attitude, with interior design as well as competition and pressure on prices playing a greater role."

In the past year, retailing and department stores groups such as Karstadt and Hertie, and Kaufhof and Horten have merged, giving Germany's top 10 retailers an 80 per cent share of the market. Horten, once renowned for its dull layout and poor service, is developing the "gallery" concept, with shops within shops, offering the consumer variety, monthly "themes" and the ability to buy under one roof. "Consolidation will lead to rationalisation in the industry and more centralised logistics," says Mr Simon Raggette of Williams de Bröe, the UK stockbrokers.

Increasingly, aggressive managers in retail are also forging contacts with television and multimedia. Among the leaders are Metro and Rewe, the discount food chain which last year had a turnover of more than DM46bn. Two months ago, Rewe acquired 40 per cent of Pro 7, the commercial television network partly owned by Mr Thomas Kirch, son of Mr Leo Kirch, the media entrepreneur. Pro 7 went public last year.

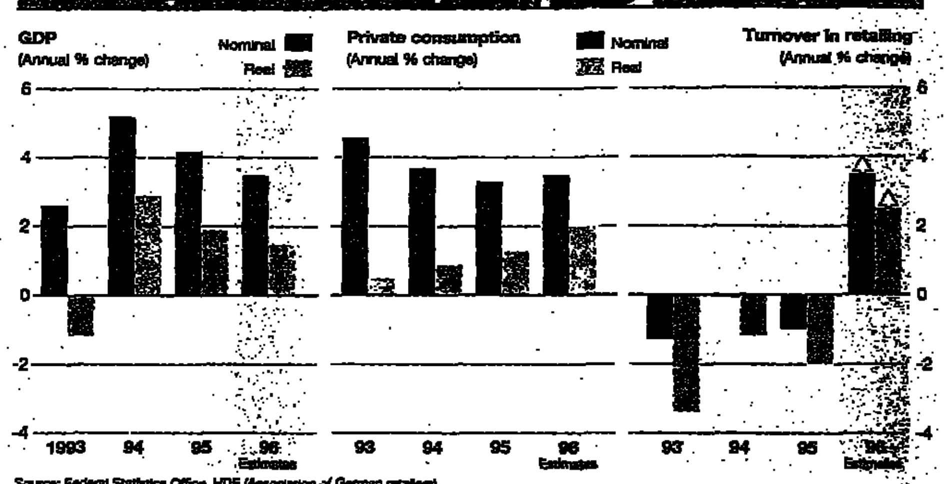
One analyst says: "Rewe has the cash flow and high sales. It has been looking at ways to make use of its cash flow. It has taken the view that the media and multimedia industry, and even home teleshopping, will grow while growth margins in retailing will come under increasing pressure."

Germany's Federation of Retailers reckons teleshopping accounts for between 0.2 per cent and 0.3 per cent of retail turnover, but says: "The potential for greater growth [in teleshopping] is obviously there." HOT, a home teleshopping channel and a spin-off from Pro 7, already broadcasts in parts of Germany.

A big move in this direction was the decision by Metro and Vebacom, the telecommunications division of Veba, the industrial conglomerate, formed a joint venture to provide all services for the introduction of digital television this year in Germany. Like Rewe, it will have links to the Kirch group, using Kirch's digital decoder system.

Ms Claire Kent, European retailing analyst at Morgan Stanley, says: "Restructuring is finally taking place in an industry which cared little in the past about the consumer. But there needs to be further development if [it] wants to compete."

German retailers: struggle to make the cash tills ring



Source: Federal Statistics Office, HDE (Association of German retailers)

DMG expansion drive shows no signs of slowing

Building a global investment bank is a bit like painting the Forth Bridge. No sooner has one finished than one has to start again. That, says Mr Stuart Graham, European banks analyst at James Capel, is the task facing Deutsche Morgan Grenfell, its investment banking unit.

DMG had previously indicated that the increased investment which began late in 1994 would tail off after the first half of 1996. It had hoped to announce an end to the hiring drive which has been one of the largest contributors to extra costs.

But yesterday, Mr Hilmar Kopper, chairman of the German bank's management board, said spending would grow still more rapidly in 1996. DMG said it was planning to recruit another 200 staff to build up its UK and Japanese equities operations, and US corporate finance capability.

James Capel estimates DMG's annual costs, which were about DM1.7bn in 1994, will roughly double to DM3.5bn ($2.35bn) in 1999. "It's going to be a long, drawn-out process," says Mr Graham. "It is unrealistic to build a global investment bank within 18 months. You cannot just turn the tap off."

For example, DMG's expansion began with the appointment of Mr Maurice Thompson and Mr Michael Cohrs from S.G. Warburg to win more international privatisation issues. It has now decided that success in this field requires UK equity sales and research.

Some analysts doubt that DMG, with this cost base, can consistently achieve the 15 per cent return on equity aimed for by Deutsche Bank. The German bank needs to provide investment banking services to secure its clientele and no-one seriously doubts its commitment. But it could prove a lasting drain on resources.

DMG says the extra costs are justified. DMG's global markets costs are thought to be 60 per cent of those of Merrill Lynch, the US investment bank. The £20m it has spent on a new trading floor alongside the ditch in the City of London sounds expensive. But the cost for each of the 462 trading stations is below the standard rate.

The investment bank concedes that the guaranteed bonuses to attract the 400 professionals it will have hired by the end of 1996 will prove expensive. "If you're going to hire top-quality people, they are not going to come here for nothing," says Mr Michael Dobson, DMG chief executive.

But DMG believes that its investment in people as in machines, has been cheap. It claims to be paying 20 per cent at most over what executives were earning at their former employers. DMG has a "compelling story", says a DMG executive. "This is not some Japanese bank which has to pay a premium in order to attract good people," he says.

And the expenditure is justified by the rapidity of the returns. DMG's equity capital markets business has not yet won the lead role on a major issue. But global markets, the powerhouse of DMG, has been energised by the recruitment of executives from Merrill Lynch and elsewhere. Deutsche Bank's trading revenues doubled to DM3bn in 1995. DMG aims to be in the top five global markets outfits within 18 months.

Nevertheless, DMG, like other investment banks, was lifted by the favourable bond markets in the second half of 1995. For an investment bank in the midst of a costly expansion drive, the timing was particularly fortunate.

The investment bank says its trading profits are more stable than in the past. It has reduced its dependence on proprietary trading and is hedging its exposures more fully. When bond markets plummeted this month, DMG is thought to have exceeded budgeted revenues. But only during a sustained downturn will Deutsche Bank discover whether its investment has paid off.

Nicholas Denton

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COMPANIES AND FINANCE: THE AMERICAS

Kmart unions set up plan for board representation

By Richard Waters in New York

Two US trade unions have announced a plan to have their own nominee elected to the board of Kmart, the struggling US retailer. This could see the unions fighting some of the same battles over corporate governance that have been been waged in recent years by dissident shareholders.

The International Brotherhood of Teamsters and the Union of Needletrades, Industrial and Textile Employees also called for number of changes which they said would make the company's directors more accountable to shareholders.

"We believe the existing board of Kmart has run the company into the ground," Mr William Patterson, director of corporate affairs at the Teamsters union, said.

Among the union demands is a call for a formal review of how Kmart can lift its stock price, including through "a sale or merger of the company".

The so-called proxy solicitation, which comes ahead of Kmart's annual meeting on May 21, marks an escalation of the Teamsters' campaign to influence the boardrooms at a number of US companies. Earlier this month, the union began an effort to draw attention to what it claims are ineffective non-executive directors who sit on the boards at several companies.

The directors at Kmart are no strangers to external pressure. Last year, the displeasure of large shareholders led to the resignation of Mr Joseph Antonini, the retailer's chairman. Some aspects of the two unions' demands, contained in a filing with the Securities and Exchange Commission, could strike a chord with other shareholders. They include a call for Kmart to "de-stagger" the election of its directors – that is, force all directors to face re-election once a year, rather than by rotation.

That echoes efforts by large institutional investors at a number of other companies to change the way directors are elected, reducing the ability of embattled boards to fend off unhappy shareholders.

The unions nominated Mr Stephen Hester, a lawyer and an expert on ESOPs (employee share ownership plans) as a candidate for the retailer's board.

NationsBank set to list its shares on London SE

By George Graham, Banking Correspondent

NationsBank is to list its shares on the London Stock Exchange in a move that heralds sterling debt issues, and possibly the issue of preference shares to finance the expansion of its European operations.

The US regional bank is expected to double the £100m ($151.8m) capital of its London affiliate, NationsBank Europe, over the next year, as it expands its trading activities in foreign exchange and derivatives, and its corporate and structured finance business.

Earlier this year NationsBank appeared to be reducing its overseas operations, when it sold its London stockbroking affiliate, Panmure Gordon, to Westdeutsche Landesbank, the German regional bank.

"I guess the rumours of our demise internationally were overly misstated. People read more into the Panmure Gordon thing than they should," said Mr Bill Vandiver, head of NationsBank's global finance division.

Mr Vandiver said NationsBank "never put Panmure Gordon on the block", but that WestLB's approach precipitated the group's thinking about its securities business. "We were not going to be able to put the kind of resources into Panmure Gordon to truly develop it. We had to put the resources in our US-based business," he said.

Although NationsBank's origins are in wholesale banking, the group's rapid expansion, with more than 100 acquisitions over the last two decades, has turned it into a retail banking power in the southern and eastern US.

But the group's rapid climb into the ranks of the largest US banks left it with a formidable list of potential corporate clients. "It was a logical decision to go very hard and fast into building a US capital markets business – if we didn't do that, we would have defaulted a wonderful opportunity with corporate America," Mr Vandiver said.

Most of NationsBank's customers are, therefore, US companies based or active in its home region – predominantly the south-east and Texas – and a large part of the group's international business is tied to their corporate needs.

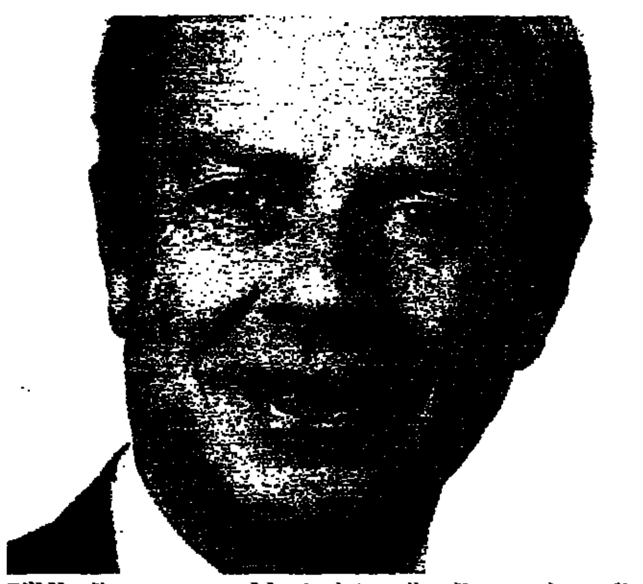
However, NationsBank targets not only companies from its domestic client base but also large European multinationals, with a particular emphasis on the energy and telecommunications sectors.

The Glass-Steagall Act in the US, separating commercial from investment banking activities, has greatly restricted what banks such as NationsBank can do in the securities markets.

When NationsBank first bought a stake in Panmure in 1984 it aimed, at least in part, to dip a toe into the capital markets waters in anticipation of the eventual demise of Glass-Steagall. But the law has consistently defied predictions of its death.

Nevertheless, NationsBank now has authorisation from the Federal Reserve to conduct securities business, and in the last three years has rapidly expanded its debt underwriting and trading activities. Its involvement in derivatives and risk management products increased dramatically with the acquisition of CRT, a Chicago-based specialist operation.

Competitors say NationsBank has been aggressive in recruiting staff in areas such as foreign exchange dealing and loan syndication – where it ranks second in the US market – and has also priced its services aggressively in these areas as it seeks to build a market presence.



Bill Vandiver: rumours of demise internationally are 'misstated'

State body to regulate Mexican telecoms

By Daniel Dombey in Mexico City

A government commission will regulate competition in Mexico's telecommunications market, due to be opened to competitors for long-distance traffic in August, Mr Carlos Casasús, deputy secretary for communications, has confirmed.

At presént, Teléfonos de México (Telmex), the country's privatised telephone monopoly, is negotiating fees for interconnection, which it is obliged to provide to its competitors from January 1997.

If the talks fail, the communications ministry will impose a settlement for the interconnection fees, and may decide how consumers who have not expressed a preference for any of the carriers are allocated between the companies.

Telmex, which represents a quarter of the market capitalisation of the Mexican stock exchange and employs 50,000, has accused its prospective competitors of delaying proposed multi-billion dollar investments until fees are settled.

Avantel and Alestra, two of the new entrants, denied the accusation.

If the communications and transport ministry does settle the issue of interconnection fees, it will be one of its last regulatory actions in telecommunications.

The ministry's current regulatory responsibilities will pass to a new body by August 10.

Repap to offer C$25m for Orenda

By Robert Gibbens in Montreal

Repap, one of North America's leading pulp and coated paper producers, plans to buy Orenda Forest Products for C$25m (US$18.3m) to ensure its future timber supply in northern British Columbia.

Orenda has extensive cutting rights and has long sought a partner for a pulp mill project. The resource will now go to Repap to support its saw mills and kraft pulp mill near Prince Rupert with annual capacity of nearly 500,000 tonnes.

● Stone-Consolidated, the newsprint arm of Chicago's Stone Container, is spending C$180m at three mills in Quebec and Washington State to improve efficiency and quality. About C$112m will go to the Port Alfred mill in Quebec where a machine speed-up will add 36,000 tonnes a year of capacity.

A nearby uncoated groundwood mill will get a new C$58m bleaching plant.

Chase aims to build on its strengths

The merged group seeks to become a leader in investment banking

If size and ambition are what matters most, the new Chase Manhattan has as good a chance as any of breaking into the top leagues of the investment banking business.

To get there, though, it faces a tough management challenge: to bring together the diverse banking operations of two former rivals, and to graft an investment banking business on to its big lending and trading operations.

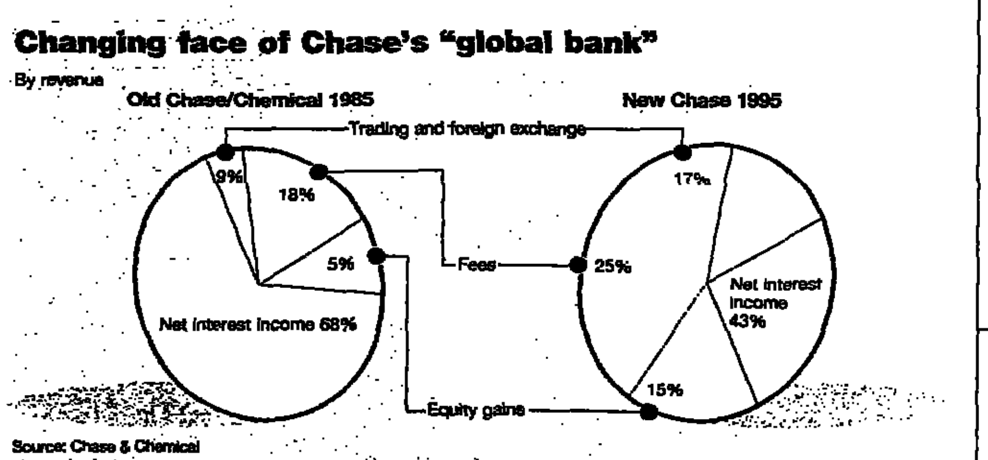
The ambitions of the new institution, which will come into being at midnight on Sunday with the formal merger of Chemical Banking and Chase Manhattan, are not in doubt.

"Over time, we will be a major bond player and a major equity player," says Mr Bill Harrison, the Chemical executive who will run the new Chase's "global bank" – a division that includes its large corporate and wholesale banking operations.

However, he seems in no rush to get there. Like other US and foreign bankers, Mr Harrison has cast his eyes in recent months over existing US investment banks in search of an acquisition – a process he refers to as doing "due diligence" – but shied away from a big purchase.

"You would pay a lot of money up front for things you don't need," he says: better, instead, to build from scratch. That makes Chemical's participation in a US re-run of London's "Big Bang" unlikely. Instead, Mr Harrison says, "we may do 'Little Bangs'" – purchases of smaller brokers which would help it grow faster.

Changing face of Chase's "global bank"



Source: Chase & Chemical

Syndicated lending is the "backbone of the strategy", he says. This is a business where Chemical has won a leading position in both US and foreign markets, using its muscle to lead the shift to lower lending margins in recent years.

Though both Chemical and Chase have become less dependent on the loans business as their fee income has grown, this remains the largest source of revenue in their wholesale banking businesses.

The new bank will rely heavily on trading profits from the foreign exchange and interest rate markets, and from the old Chase's custody and payments processing businesses.

Mr Harrison plans to use this position, and particularly the syndicated loans business, as the springboard for the push into investment banking. "Clients like one-stop shopping," he says.

To judge by the recent push by US investment banks into syndicated lending – evidenced most recently by Morgan Stanley's hiring of the head of syndications from Bankers Trust – this has become a pervasive view.

The new Chase will start out with a respectable presence in two corners of the securities markets: underwriting and trading high-yield debt in the US, and securities from issuers in emerging market countries.

The next part will be the hardest – breaking into the equity and investment grade corporate debt markets, and into the corporate advisory business.

The bank this week lured one of two co-heads of mergers and acquisitions from Salomon Brothers, Mr Mark Davis, and plans next to recruit people to run its investment grade debt and equities businesses.

In this process, it seems to be stepping more gingerly than J. P. Morgan, which has already assembled a 400-strong equities division at its Wall Street headquarters. Equities are "not natural to us", Mr Harrison says.

Rather than rush in, the bank plans to build an equity business around a small number of industries in which it already has a big lending presence – such as energy, insurance, and media and telecommunications.

That more cautious approach reflects a different view of the importance of the equities market. J. P. Morgan has set a high priority on becoming a force in equities, arguing that the business stands at the heart of the relationship between a company and its bankers.

Mr Harrison, however, talks of equities rather as just one of a wide range of products Chase will one day sell.

"There's only a limited number of products we don't have," he says. "We just have to close the gap."

Richard Waters

ING advances 15% and plans listing on NYSE

By Ronald van de Krol in Amsterdam

ING, the Dutch financial services group, posted a 15 per cent rise in 1995, a year which the company described as "special" because of its takeover in March of Barings, the collapsed UK investment bank.

The group, which is active in both banking and insurance, also announced yesterday that it planned to list on the New York Stock Exchange in 1997 and to carry out a 2.5-for-one share split in June.

Net profit rose from Fl 2.3bn to Fl 2.65bn ($1.59bn), in line with analysts' forecasts. The dividend is to be raised 11 per cent to Fl 4.15 a share, equivalent to a payout ratio of roughly 43 per cent, up marginally from 42 per cent in 1994.

Mr Aad Jacobs, executive board chairman, said ING Group would now aim to keep its payout at 43 per cent, in contrast to previously announced plans to make a gradual reduction to 40 per cent.

The size of the dividend, plus the news of the share split, sent ING's shares up Fl 0.70 to close at an all-time high of Fl 117.70.

Mr Jacobs, noting the share split roughly coincided with the fifth anniversary of the merger which created ING in 1991, said, "We hope we can do it [a share split] again in five years' time."

As expected, Barings did not contribute to ING's profit growth in 1995, when the financing costs of the deal were included.

However, the acquisition helped to boost ING's commission income on the banking side and strongly bolstered results on financial transactions. "We are still exceptionally happy with the Barings acquisition," Mr Jacobs said.

The group's operating results from banking rose 16.1 per cent to Fl 1.75bn, while those from insurance were up 14.3 per cent at Fl 2.1bn.

In insurance, life insurance profits increased 15 per cent to Fl 1.1bn while non-life earnings also showed a 15 per cent rise to Fl 339m, despite Fl 60m in claims resulting from damage caused by hurricane Luis on the Caribbean island of St Maarten.

In banking, interest revenue was virtually flat at Fl 6.3bn but commission income jumped nearly 45 per cent to Fl 1.98bn due to the consolidation of Barings.

The UK bank was also partly responsible for the substantial improvement in results from financial transactions, which rose from Fl 37m in 1994, when income from this sector was especially low, to Fl 977m in 1995.

Mr Jacobs also announced that ING Group had deducted a net Fl 1.03bn from shareholders' equity in 1995 to account for the "longevity risk" of its insurance operation, caused by the increased life expectancy for men and women.

He said the NYSE listing was likely to take place in the second half of 1997, possibly in the third quarter. The company is already listed on a number of European exchanges, including Frankfurt, Paris and Zurich.

Benetton profits show benefit of price shake-up

By Andrew Hill in Milan

Benetton pushed up its profits to L220bn ($139m) after tax in 1995, against L210bn the previous year, as the Italian clothing group reaped the fruit of a three-year price-cutting and investment programme.

The company also continued its generous dividend policy by recommending a payment of L425 a share, compared with L400 last year, higher than the market had expected. Net debt was halved to L140bn at the end of the year, against L303bn at end-1994.

In the calendar-year 1995, Benetton's operating profit recovered to L444bn, having fallen to L389bn in 1994 as the group's retailers suffered a worldwide decline in demand.

The group, 72 per cent of which is still controlled by Edizione, the Benetton family holding company, has improved efficiency and cut costs, partly by investing L200bn over the past three years in automated production, packaging and distribution machinery. While some competitors were forced out of the market, Benetton cut the price of its products.

Consolidated sales in 1995 increased 5.4 per cent to L2,940bn, compared with L2,788bn in 1994, helped by an increase in turnover of nearly 7.6 per cent in both Europe and Asia.

Mr Carlo Gilardi, who took over as chief executive from Mr Aldo Palmeri last year, said he hoped net debt would be eliminated by the end of 1996, but he said Benetton was not looking for acquisitions.

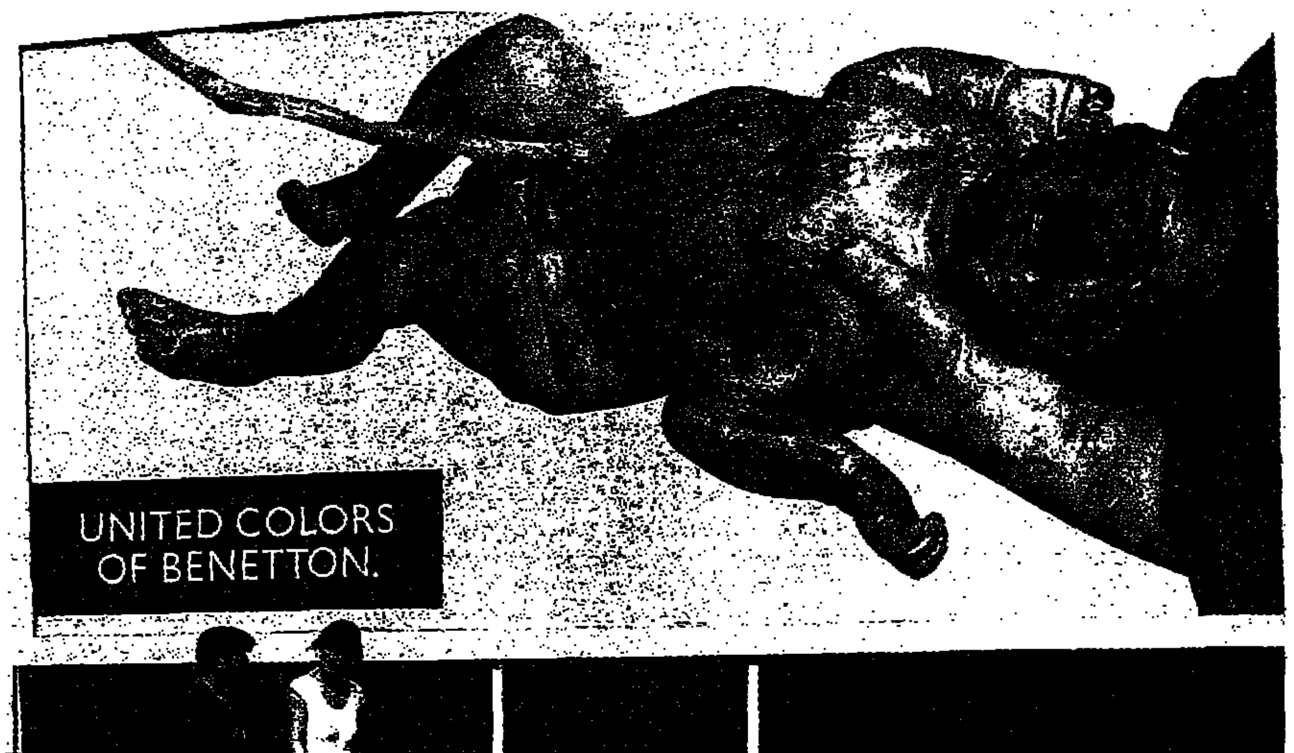
"We don't want to buy anything, because in the current situation, the only investment we need to make is in reinforcing our trademark, expanding our market and buying new technology," he said yesterday.

Benetton has grown in 30 years to become one of the world's best-known brands, helped by recent controversial advertising campaigns.

Shares in Benetton, which sank lower yesterday morning in a depressed Milan market, recovered after publication of the results to close at L17,090, up L324. Mr Kevin Tempestini, Italian equity analyst for Salomon Brothers, said the result was in line with his expectations and he was still recommending the shares, which have been buffeted recently by concerns about litigation in the Netherlands, and the potential repercussions of Edizione's investments in retailing and catering.

Benetton has always made clear that the quoted company's strategy is quite separate from that of Edizione.

Yesterday, the company also said that a Dutch court had blocked an attempt by Bulova, the watchmaker, to force Benetton to pay compensation immediately in a continuing legal dispute over a licence agreement. The Italian company said the court case could now run for another two to three years, but that it had already made provisions against the consequences of an adverse ruling.



Controversial advertising campaigns helped Benetton become one of the best-known brand names Ashley Ashwood

Strong Swiss franc masks underlying growth at Nestlé

By Roderick Oram, Consumer Industries Editor

Nestlé, the world's largest foods group, reported yesterday a slight dip in 1995 net profits with underlying growth masked by a strong Swiss franc.

Net profits for 1995 were SFr2.92bn ($2.43bn), down less than 1 per cent from SFr2.94bn a year earlier excluding a gain of SFr306m from the sale of some cosmetic businesses. Excluding currency factors, net profits were up 15 per cent and sales 9 per cent.

Net debt edged down to SFr6.3bn from SFr6.6bn. Earnings per share fell to SFr74.40 from SFr83.10, reflecting the drop in net profits and the exercise of warrants in 1995.

The group proposed an unchanged dividend of SFr26.50 a share.

In dollar terms, Nestlé's net profit was up 3 per cent to $2.52bn on sales up 14 per cent to SFr48.7bn. Net profit per American Depositary Receipt was up 1.9 per cent at $3.21.

The results were as signalled by management when the Swiss group reported in January that 1995 sales had slipped to SFr56.5bn from SFr56.9bn.

The group gave no indication of current trading but analysts see earnings per share growth of about 10 per cent this year because of a more stable Swiss franc and rising coffee margins. Sales volume grew by 3.4 per cent overall. Latin America was the best performer, up 8 per cent. Europe was up 1 per cent but the rate accelerated late in the year. North America was up just over 2 per cent despite some coffee destocking in the trade.

The rest of the world was up more than 5 per cent but excluding slow growth in Japan and Australia, volumes were probably up closer to 8 per cent because of fast developing markets such as China, Mr John Campbell, an analyst at Paribas, estimated.

Operating profit margin slipped to 9.7 per cent from 9.9 per cent, due mainly to rising prices for raw coffee beans which Nestlé said it recouped only partially and with some delay via higher selling prices.

Operating profits were SFr5.5bn, down from SFr5.63bn, and reflected two accounting changes. Nestlé has started to amortise goodwill, taking a SFr42m charge for 1995; it also started to include all restructuring costs within operating profits rather than as exceptional items.

Europe contributed a 6.5 per cent rise in trading profit to SFr2.2bn on sales up 1 per cent to SFr26.1bn. Profits in the Americas fell 9 per cent to SFr2.08bn on sales down 4 per cent to SFr19.8bn. Profits from the rest of the world were down 5 per cent to SFr1.21bn on sales up 2 per cent.

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Credito Italiano doubles profit but holds payout level

By Andrew Hill

Credito Italiano (Credit), the Italian bank which last year won control of Credito Romagnolo of Bologna, more than doubled parent company profits to L192bn ($121m) after tax in 1995, but held its dividend at the same level as last year.

Gross operating profit increased strongly from L515bn to L591bn, but an increase in write-downs on loans and investments contributed to much heavier provisions of L663bn in 1995, against L193bn in 1994.

The bank, which was privatised by Iri, the Italian state holding company, two years ago, proposed an unchanged dividend of L35 per ordinary share, and L50 for each savings share.

In the 12 months to December 31 1994 – a particularly poor year for Italian banks – Credit recorded a parent company profit of L91.3bn, compared with L218.6bn in 1993.

Credit took control of Credito Romagnolo last year, after a fierce bid battle.

It was then merged with another local bank, Carimonte, to form a new company, called Rolo Banca 1473, in which Credit has a controlling stake.

Credit's consolidated results for 1995, which include the first contribution from Rolo Banca, showed a net profit of L196.4bn.

That was a strong improvement on 1994, before the takeover, when Credit registered a net consolidated profit of L65bn, but less than in 1993 when Credit alone announced a net consolidated profit of L275bn.

Rolo Banca last week announced its first results since the merger of Romagnolo and Carimonte, disappointing analysts with a decline of 17 per cent in net profits.

Two of Italy's publicly controlled banks, Banca Nazionale del Lavoro and Monte dei Paschi di Siena, also published 1995 results yesterday.

BNL, which is controlled by the treasury, nearly doubled net consolidated profit for 1995 to L112bn, against L68bn in 1994, while its operating profit increased by 78 per cent to L633bn, against L355bn in 1994.

Monte dei Paschi reported a 67 per cent increase in net profit to L151bn. The foundation which controls the Sienese bank last year took the first step towards a possible future stock market flotation of the shares when it transformed the bank into a joint stock company.

Both BNL and Monte dei Paschi were involved in the original L1,500bn emergency loan to Banco di Napoli, the heavily loss-making Neapolitan bank, but neither has yet made a formal decision on whether to back the more radical rescue plan launched by the Italian government this week.

Credito Italiano, which did not participate in the original loan package, seems unlikely to subscribe to a new capital increase at Banco di Napoli.

The Naples bank is set to announce today another large loss for 1995.

Hungary continues utilities sale

By Virginia Marsh in Budapest

Hungary said yesterday it would sell off majority stakes in two power generators this spring, following the sale last autumn of much of its energy sector to western investors.

APV, the privatisation agency, also said it would offer a majority stake in Alkaloida, the last big pharmaceuticals company in state hands, as well as its 50 per cent stake in a bank jointly held with Central-European Development Corporation (CDC), a media and investment company part-owned by Mr Ronald Lauder, the US entrepreneur.

APV said it would publish tenders in April for stakes of more than 90 per cent in the Budapest and Tisza power generation companies and that it aimed to sell its three other generators as well as MVM, the core electricity company, by the end of the year. No decision had been made on whether to hive off the Paks nuclear plant from MVM, which also operates the national grid.

The announcement follows last year's sales of stakes in two generators and 12 electricity and gas supply companies for some $2bn, mainly to German, French and Italian investors.

APV said individual investors would be limited to stakes in two generators while consortia could acquire no more than three generators or capacity up to 2,100MW.

MVM, the Budapest and Tisza power companies, and the three other generators were also offered last year, but failed to find buyers. The state still hopes to sell generators with mines but has doubled the size of stakes it is offering.

With Alkaloida, Hungary is to invite bids for a 50.2 per cent stake. A condition of the sale is that the buyer must contribute to a Ft1.1bn ($5m) fund to clean up environmental damage.

APV said it hoped to find a buyer for its 50 per cent stake in the General Banking and Trust Company, in which CDC took a 50 per cent stake in 1990. The buyer would also have to carry out a Ft3bn capital increase for the bank, which had assets of Ft26bn at end-1993.

NEWS DIGEST

Telefónica to slash long distance tariff

Telefónica, the Spanish operator, is to slash charges for its long distance calls in an attempt to level them with those of other big telecommunications companies. The aggressive cuts come on the back of a strong profit increase which will permit the chairman, Mr Cándido Velázquez, to announce a 15.3 per cent dividend rise at Telefónica's annual meeting today. The strong 1995 results should allow the operator to raise dividends and strengthen its balance sheet by cutting its payout from 55 per cent of cash flow to 53.8 per cent.

The government reduced its stake in Telefónica from 32 per cent to 20 per cent last October through a global offering, and it intends to become only a token shareholder by 1998, when the domestic telecoms sector will be wholly liberalised. Mr Velázquez said yesterday that the sooner Telefónica was completely privatised, the better.

He said he would ask government regulators to keep domestic charges unchanged but lower the connection cost for international calls by 25 per cent as early as May. In what would be the second package of cuts in six months, Telefónica intends to cut its charges for calls to the US and the EU by 23 per cent and 13 per cent, respectively. *Tom Burns, Madrid*

GIB in loss as revamp continues

Losses on the sale of a US business and other restructuring charges led to a BFr4.35bn ($142m) net loss last year at GIB, the supermarket and stores group that is Belgium's biggest retailer. GIB, whose profits peaked in 1992, has been restructuring ever since and plans to continue its reorganisation next year with a BFr6.5bn investment programme including the completion of a revamp of its GB supermarket chain in Belgium, expanding its Bigg's hypermarkets and European DIY business, improving profits at Scotty's, and expansion of the Quick fast food chain.

But analysts warned time may be running out for the management to prove it can produce real improvements in performance. The net loss for 1995 compared with a BFr2.16bn profit in 1994. Group operating profits declined from BFr4.24bn to BFr3.15bn, reflecting the impact of the US restructuring, but the European operations alone increased profits 2 per cent from BFr3.19bn to BFr3.25bn. The turnover pattern was similar, with group sales down from BFr232.4bn to BFr227.8bn, while sales in Europe increased from BFr193.1bn to BFr197.8bn. *Neil Buckley, Brussels*

Häusler joins Dresdner board

Dresdner Bank yesterday confirmed the appointment to its main board of Mr Gerd Häusler, a director of the Bundesbank. Mr Häusler, 44, is the youngest member of the German central bank's policy-making council and a previous head of its credit department. He has recently been in charge of foreign exchange and personnel. At one time, he was personal assistant to Mr Karl Otto Pöhl, former Bundesbank president. His appointment will take effect in December. The Bundesbank said it was prepared to release Mr Häusler from his duties early. The bank announced an unchanged dividend of DM1.35 a share. Full results will be reported at Dresdner's press conference on Monday. *Andrew Fisher, Frankfurt*

Grundig DM598m in red

Grundig, the German consumer electronics group which recently said it would shed more than a quarter of its workforce, yesterday reported 1995 net losses of DM598m ($402m) and said it had no idea when it would be back in profit. The company said it had reached its targets for the first three months of this year but forecast 1996 sales stagnant at the 1995 level of DM3.5bn, a 4 per cent rise over 1994.

Grundig had predicted break-even last year but yesterday blamed the losses on slower than expected sales and the need to write down the value of excess stocks. Factories were running below capacity and results had also been hit by a rise in sales costs. The group, controlled by Philips of the Netherlands, said its bank debt totalled DM409m, up from DM28.6m a year earlier, partly caused by the need to fund 3,000 job cuts decided last month. *Michael Lindemann, Bonn*

Parmalat boosts turnover 19%

Parmalat, Italy's fast-expanding dairy products group, increased turnover by a further 19 per cent in 1995 to L4,290bn ($2.71bn), against L3,608bn in 1994, and set itself a target of L5,500bn for this year. The company's gross operating margin improved from L414bn to L513bn, a rise of 24 per cent, but net debt also grew during the year, reaching L1,090bn by December 31 against L961bn a year earlier.

Parmalat said it would announce its 1995 profits in mid-May. Last year, the group forecast an increase to at least L120bn after tax, compared with L102bn in 1994. The group is moving rapidly to increase its share of the market outside Italy. The total investment in acquisitions increased from L125bn to L142bn, and capital expenditure rose from L118bn to L145bn. Parmalat said acquisition spending in 1996 would fall to L110bn. *Andrew Hill, Milan*

Warm welcome for Pliva offer

The international equity offering for Pliva, the Croatian pharmaceuticals group, has been almost 20 times oversubscribed, according to UBS and Zagrebacka Banka, joint global co-ordinators for the sale. The issue closed on Wednesday and was priced yesterday at K5,100 a share, at the top of the range announced when the offering opened on March 11. International investors are being issued stock in the form of Global Depositary Receipts, which have been priced at $18.71; one share is represented by 50 GDRs. A simultaneous domestic share issue remains open until March 30. The issue will raise $140m for the Croatian government, the seller of the stock, and values the company at $510m. *Gavin Gray, Zagreb*

Thyssen, Cardo in rail venture

Thyssen Industrie and Cardo, the German and Swedish groups specialising in railway technology, yesterday said they would create a joint venture after unexpected losses last year caused by a drop in orders from railway companies in Germany and the UK which are being privatised. Thyssen said the two groups had worked together for a number of years and had decided to pool their resources in the field of brake systems, undercarriages and coupling and other areas.

The new company, which has yet to be named, will have sales worth about DM550m ($370m), making it one of the world's biggest producers of railway equipment, Thyssen said. The two partners expect to set up the joint venture by the summer which will be controlled 60:40 by Cardo. The group will focus on the European market. *Michael Lindemann, Bonn*

Crédit Agricole ahead 12.3%

Crédit Agricole, the French co-operative bank, said 1995 net profits rose 12.3 per cent from FFr5.8bn in 1994 to FFr6.5bn ($1.28bn) last year. Net banking income rose 3.2 per cent to FFr66bn and gross operating profit grew 5.8 per cent to FFr24.5bn. Bad debt provisions fell 13.3 per cent to FFr12.4bn. *AFX News, Paris*

Jardine Matheson shows 7% fall

By John Ridding in Hong Kong

Jardine Matheson, the Hong Kong conglomerate controlled by the Keswick family, yesterday announced net profits of US$420m for last year, a fall of 7 per cent over 1994, but struck an upbeat note on prospects for 1996.

Mr Henry Keswick, chairman, said the group had strengthened its underlying businesses, while Mr Alasdair Morrison, managing director, said he expected a return to profits growth at the trading level.

In 1995, the bottom line was boosted by an exceptional gain of $102m from the sale of a stake in a consumer finance company. Excluding this gain, operating profits fell sharply from $438.4m to $315.4m.

According to Mr Keswick, the 1995 results reflected a mixed performance from the group's main operating companies. He said the strategic emphasis during the year was on improving the focus of the group's core businesses and seeking long-term investments in Asia.

Jardine Pacific, with activities ranging from construction to restaurant franchises, was hit last year by poor consumer demand and difficulties at its restaurant businesses in Australia. As a result, trading profits fell 7 per cent to $152m.

The fall was steeper at Jardine International Motor Holdings and Jardine Fleming. The former suffered from the depressed market for new vehicles in Hong Kong and China and saw trading profits fall 18 per cent. At Jardine Fleming, lower levels of activity in Asia's securities markets led to a 42 per cent fall in profits to $122m.

Setbacks were also suffered at Dairy Farm, the group's food retailing arm, which was hit by an exceptional charge of $36m relating to an inventory adjustment in Australia. While Hongkong Land saw steady growth in operating profits, its net result fell 30 per cent to $257m after accounting for losses relating to its investment in Trafalgar House.

This month the group said it would accept an offer from Kvaerner of Norway and would sell its 26 per cent stake in the UK construction, engineering and shipping group. On completion of the deal, Hongkong Land will receive $343m in cash, leading to a write-back of more than $200m in 1996.

Mr Morrison said this year has seen a strong start in financial markets, boosting prospects for Jardine Fleming, while the group's hotel activities have also seen a buoyant performance.

Hong Kong and China remained much the largest of the group's markets, accounting for $228.7m of total net profits of $420m. The rest of the Asia-Pacific region represented US$48.7m, slightly less than was earned in North America. Europe and east Asia suffered a loss of $1.6m.

Turnover last year rose from $9.56bn to $10.64bn. Earnings per share fell from 77.77 cents to 72.05 cents and total dividends were held at 25 cents.

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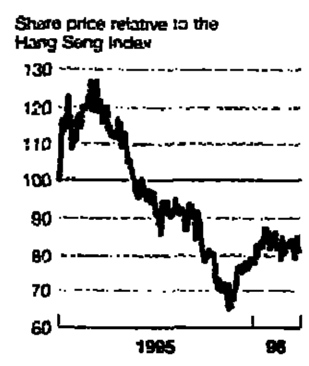
Jardine Matheson

Share price relative to the Hang Seng Index



Source: FT Extel

Share sale bolsters profits at Cheung Kong

By Louise Lucas in Hong Kong

Cheung Kong, Mr Li Ka-shing's property and investments flagship, yesterday announced a 10 per cent rise in consolidated net profits, from HK$10.11bn in calendar 1994 to HK$11.12bn (US$1.44bn) last year, broadly in line with analysts' expectations.

The company said turnover dropped 18.3 per cent over the same period, from HK$14.84bn to HK$12.12bn.

Earnings were boosted by the first-half sale of shares in Hutchison Whampoa, which added about HK$1bn. The company also benefits from the generous dividend policy of Hutchison, in which it has a 44 per cent controlling stake.

Cheung Kong raised its own dividend a more modest 8.4 per cent (compared with 26.8 per cent at Hutchison), from HK$0.83 to HK$0.90. Earnings per share grew 10 per cent, in line with net earnings, from HK$4.60 to HK$5.06.

The company has been an aggressive bidder at auctions and tenders recently, and has an ambitious development schedule covering residential property, offices and shopping arcades.

Beyond property, it is tentatively moving into the infrastructure market in China. In November the two companies joined with a mainland entity to build and operate a coal-fired power station with capacity of 1,400MW, and to generate and sell electricity in Zhuhai. Cheung Kong holds an effective 22.5 per cent interest in the project.

Among the bigger property developments, Cheung Kong and Hutchison are developing a commercial complex of some 132,000 sq m on reclaimed land at Hung Hom, in Kowloon. The project, expected to be completed by 1999, will comprise a hotel tower, three office blocks and a shopping arcade.

Bigger still are plans for the property development above the new airport railway's Tsing Yi station, which will be more than twice the size of the Hung Hom project and include housing as well as a shopping arcade.

Echoing other developers, Mr Li said the trends that depressed the property market last year appeared to have changed. "The early part of 1996 saw a noticeable rebound, with some of the buyers beginning to purchase residential and office premises for self-use [as opposed to for speculation]," he said.

He said continued prosperity over the past years in Hong Kong meant people had amassed savings and this, too, would fuel the residential market. Mr Li said he was "particularly optimistic" that the local property market would be re-activated.

One-off gain helps Hutchison Whampoa advance

By Louise Lucas

Hutchison Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, yesterday unveiled a 19.32 per cent rise in net profits, from HK$8.02bn in calendar year 1994 to HK$9.57bn (US$1.24bn) last year.

The results, which included an exceptional gain of HK$756m, largely from the sale of a minority stake in Star TV to Mr Rupert Murdoch's News Corporation, were broadly in line with market forecasts.

Earnings per share rose 19.37 per cent, from HK$2.22 to HK$2.65, and the dividend – much of which accrues to Cheung Kong, Mr Li's flagship company which controls some 44 per cent of Hutchison – is to be lifted 26.86 per cent, from 67 cents to 85 cents.

Some analysts believe Hutchison is in for a lean two years as it waits for property developments to come on stream.

In the meantime, the shortfall will be made up with one-off exceptionals: this year, for example, Hutchison will derive a profit of some HK$4.1bn from the flotation of Orange, the UK telecoms operator whose £666.25m ($1.01bn) offering was more than 10 times oversubscribed earlier this week.

Mr Li highlighted several areas where growth was decelerating, including ports, the company's biggest source of recurrent earnings.

The group also took a HK$314m write-down on outdated parts of its Hong Kong telecoms operation. This includes the CT2 network, commonly known as "poor man's cellular", a system already scrapped by other operators in the colony.

Mr Li said Hongkong International Terminals (HIT), the container terminal operator, saw throughput at its HIT and Cosco-HIT operations record a 13 per cent growth on 1994, but added there had been signs of a slowdown in cross-border trade flows.

"Should this trend continue, it could impact on the overall throughput handled by Hong Kong's Kwai Chung Container Port," he said.

The government announced yesterday that the consortium led by Hutchison, in which Chinese state-controlled Cosco Pacific and UK-controlled Jardine Matheson also have stakes, had won a tender to develop a HK$1.14bn river trade terminal.

Although the company did not provide a full breakdown of earnings, Mr Li said retail and manufacturing posted a substantial increase – despite slimming down the Park'N Shop supermarket chain in Taiwan. Rental income showed steady growth, while the profit generated from property development declined.

Li Ka-shing: rental income showed steady growth

Santos to buy Parker & Parsley assets

By Nikki Tait in Sydney

Santos, the Adelaide-based oil and gas exploration group, is to pay A$200m (US$155m) for the bulk of the Australian and Indonesian assets which Parker & Parsley, the US oil independent, acquired when it successfully bid for Australia's Bridge Oil in 1994.

Santos said the purchase, to be funded from cash reserves and debt facilities, would add about 41m barrels of oil equivalent to its reserves, and step up its involvement in the offshore fields of Western Australia "which is an area Santos has earmarked for growth".

The assets being acquired include a 25 per cent interest in the Patchawarra central block and a 1 per cent interest in gas production from South Australia's Cooper Basin; a 15 per cent interest in a block which includes the East Spar gas/condensate project and a 15 per cent interest in the Airlie oil fields, both offshore of Western Australia; and various producing assets in Queensland's Surat Basin.

Santos will also get the 28 per cent interest in the Bentu gas venture in Indonesia, and exploration interests in both Australia and Sumatra.

However, the 22.5 per cent interest in the ZOCA-13 permit area in the Timor Sea is excluded from the deal. This is adjacent to the permit area which produced the Elang and Kakatua discovery, and contains the Bayu gas/condensate find.

The sale ends months of speculation over the fate of the assets. When the US oil group was making its A$378m bid for Sydney-based Bridge Oil, it denied it was only interested in Bridge's US assets, and said it would use the Australian assets as a springboard into the Asian region.

But late last year, it became clear the US group was considering either floating the assets on the stock market or pursuing a trade sale.

A number of potential buyers were said to be interested, including BHP Petroleum.

NEWS DIGEST

Toyota moves into data services

Toyota, Japan's largest carmaker, yesterday took a further step into the telecommunications business by setting up a subsidiary to provide high-speed data transmission services. The new company, Toyota Digital Cruise, will offer telecoms services, such as value-added networks and low-cost corporate telephone systems. It will be 60 per cent owned by Toyota, with most of the remaining capital put up by Toyota group companies, such as Nippondenso, the vehicle parts maker.

Toyota Digital Cruise will initially provide services only to Toyota group companies but it aims to expand its services throughout the nation. Sales are forecast to reach Y4bn ($37.38m) by next March and Y18bn after 5 years, Toyota said.

Toyota's aim is to reduce its telecommunications costs and speed up information exchange. Those benefits, in turn, will enable it to cut personnel costs, the company said. It hopes to offer the services to corporations and individuals outside the group as soon as that becomes feasible, Toyota indicated.

Michiyo Nakamoto, Tokyo

New World Development ahead

New World Development, the Hong Kong property-based conglomerate, yesterday reported a 6.25 per cent increase in net profits to HK$1.7bn (US$219m) for the six months to December 31, against HK$1.6bn in the same period last year.

Operating profit, however, fell 38.89 per cent, from HK$1.81bn to HK$1.11bn but the bottom line was lifted by a HK$1.11bn exceptional gain from the sale and dilution of investments in subsidiary companies. In October last year the company spun off its infrastructure interests in a separate listing which raised HK$2.37bn in new equity.

The group, one of the biggest foreign investors in the mainland, is planning to develop a department store flagship in each of the large cities throughout China. The first of these was opened in Wuhan in December last year and the third, in Wuxi, is scheduled to open in April.

Earnings per share on a fully diluted basis rose from 97 cents last time to 99 cents. The dividend is to be lifted 7 per cent, from 28 cents to 30 cents.

Louise Lucas, Hong Kong

Ansett adds Korea to routes

Ansett Airlines, the Australian carrier owned jointly by Mr Rupert Murdoch's News Corporation and TNT, the Sydney-based transport group, is to start flying to Korea from July 2. It said it intended to apply for rights to fly to Shanghai, in China. The ability of Australian and Chinese carriers to fly directly between their respective countries was greatly enhanced this week after inter-government talks led to an updating of the bilateral air services agreement between the two nations.

Nikki Tait, Sydney

Davids cleared to bid for QIW

The Australian Competition and Consumer Commission, the main competition watchdog, has authorised Davids, the New South Wales wholesale distributor, to go ahead with a bid for Queensland's QIW. The decision signals further rationalisation of Australia's wholesale grocery market.

A previous effort by Davids to acquire QIW in 1992 failed after a federal court injunction was imposed, but the bidder recently sought the commission's approval to proceed with a new all-share offer. Davids said that it would offer three of its own shares for every two QIW. It already holds a 31 per cent stake in its target. Its all-share bid values QIW at around A$120m (US$93m). However, previous offers from Davids have been rejected by QIW, which said yesterday it was disappointed with the commission's decision.

Nikki Tait

On Assignment maps the path to continuous growth

The US employment agency points customers down the right track, says Christopher Parkes

"To get to you where you want to be," the disoriented traveller was told, "you should carry on up this hill and over the top until you reach Davey's Bar.

"Then you'll know you've gone too far. Come back down the hill to the fork in the road and take the other way... the one that keeps on going upwards."

According to Mr Tom Buelter, chief executive of On Assignment, a temporary employment group which has gone upwards continuously since he took charge in 1989, Davey's Bar is crowded with corporate and private citizens of the industrial west who have missed the path to continuous growth.

The point of the fable, borrowed from management expert Professor Charles Handy, is that many companies and workers are stuck in cosy but unprofitable relationships based on the outmoded notion of the job for life. They have ignored the signs directing them towards lean permanent workforces, topped up by short-term contract employees for contingencies or special projects.

But the point which most pleases Mr Buelter is that On Assignment took the right track while the gurus were still refining their theories on "employment promiscuity".

"If I need something all the time, I buy it. If I need it some of the time, I rent it. If I don't need it, forget it," he says.

The upshot: "I have $8m in the bank and I don't know what to do with it."

On Assignment, which enjoys the highest net margins in the US temporary placement industry – 7 per cent compared with an average of less than 3 per cent – places highly qualified scientists and finance specialists. Environmental experts have now been added to complement Lab Support and its sister operation, Finance Support.

Mr Buelter is now probing other niches such as the Hollywood creative industry and legal services. He also has a UK "springboard" in place for an eventual move into Europe, thanks to informal links with set up by one of the founders of Lab Support.

The group has attracted imitators, but analysts insist none approaches its profitability. Privately-owned EnviroStaff, for example, which joined the On Assignment stable on Wednesday, is understood to have done little better than break even on last year's revenues of almost $11m; On Assignment recently reported increases of almost 30 per cent in both revenues and income for 1995.

In 1989, as flattening hierarchies and down-sizing swept the US, the newly-installed Mr Buelter was quick to jettison the permanent recruitment and consultancy businesses that had dragged the entrepreneurial start-up into losses. He was already superimposing a system he had developed as head of a Kelly Services subsidiary specialising in providing home care for the elderly: using skilled, specialist "account managers" to match home helpers with clients' needs.

All such managers have at least one science degree, at least four years' laboratory experience, and all have been trained in the alien art of doing business. But they are not so good, for example, at making appointments to visit potential clients. So a staff of six telesales experts in the Calabasas head office does the job for the national bureau network.

Other back-up services in the modest HQ ensure that account managers in remote offices are never left stranded. A New York client or employee can be connected by a free phone link with California – the "war room" opens at 6am to deal with the time differences – and never suspect that he or she is speaking to a back-office worker half a world away.

In keeping with the times, Mr Buelter's bunker houses no services or staff who are not employed on the core business of making assignments. Salaries and marketing, for example, are handled by outside groups.

Among the assignees, youngsters fill the bottom of the scale. Fresh out of college, they have a chance to pick up experience and examine future full-time employment prospects while on assignment.

Elsewhere, Lab Support provides help for specific limited-life projects or assignments – such as processing a drug through official approvals. It sends in experts to sub-contractors or the junior joint venture partners of large pharmaceuticals companies, which are increasingly sub-contracting basic research.

On Assignment provides entire laboratory crews for start-up companies which may typically be run by a couple of scientists with no experience of hiring or management and with limited resources.

The group is now extending its range to more senior staff. A scientist currently out on a project is earning $1,600 a day.

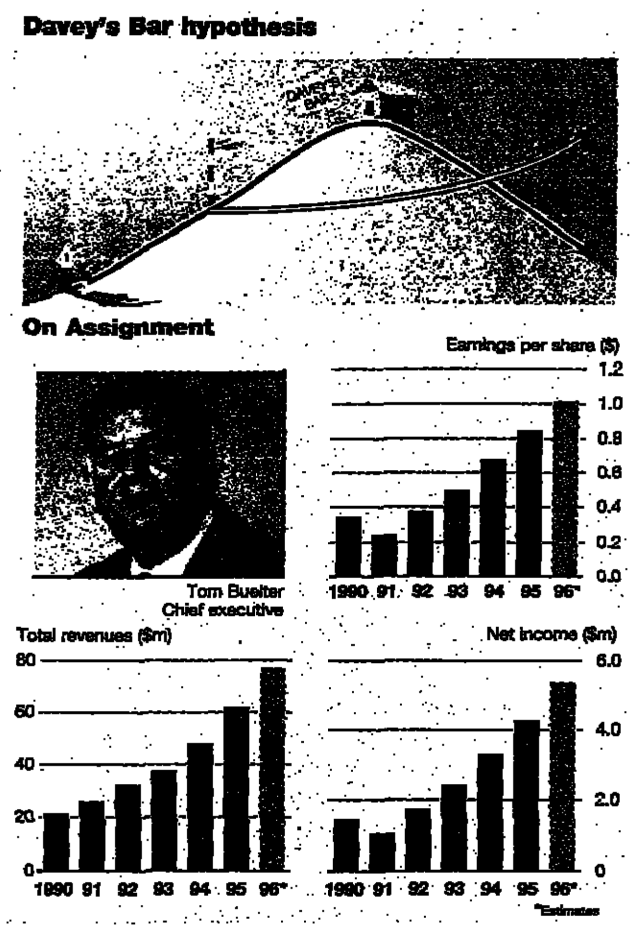
Much of the company's financial services work is credit assessment and debt collection, although one expert on a one-year deal is establishing a company incentives package. Another niche is financial arbitration services – not an everyday need in most companies, but it can be invaluable when an export customer, for example, refuses to pay the agreed price for an unsatisfactory or late shipment.

In keeping with his guiding principle that everyone on the On Assignment payroll is multi-skilled to some degree, Mr Buelter functions as the in-house visionary and a hands-on operations chief, planning and ensuring quality.

"If you have no skills, you have no hope," he says. Even one skill is no longer enough, and that, he says, is why On Assignment serves a social purpose giving young scientists resumé-building experience.

He has a message for companies which still "staff for the peaks instead of the valleys". He says the same of under-skilled, under-educated employees who expect pay and benefits for life doing tasks better suited to developing world economies.

"They're all in Davey's Bar." The road downhill is easier but the road back is still open.



Banks reject rescue plan for Sidek

By Leslie Crawford in Mexico City

Mexican banks yesterday rejected a company restructuring proposal put forward by Sidek, the Mexican steel and tourism conglomerate which has defaulted on $2.1bn of debt.

Sidek, which is fighting to stave off bankruptcy, had been seeking the approval of a co-ordinating committee of 17 Mexican banks before presenting the restructuring plan formally to all its creditors.

Sidek stopped servicing its debt, including $700m held by foreigners, in February. Both the company and its creditors, however, are trying to find a solution that avoids Mexico's complicated bankruptcy procedures.

An investment banker who is advising Sidek on the restructuring plan said talks were continuing with the committee of creditor banks. He hoped an acceptable plan would emerge over the weekend.

Sidek is the first leading Mexican company to default in the wake of last year's financial crisis.

Before the devaluation of the peso in December 1994, the company became heavily indebted in dollars to finance hotel and property developments. A severe recession and collapse in property prices, however, made most of Sidek's investments unprofitable. The company reported losses of almost $250m in 1995.

The restructuring plan presented to creditor banks proposed to create a much smaller company out of the holding company Sidek and its property developer Situr, keeping only the most viable property developments and hotels. Situr's remaining assets would be placed into a liquidating trust, and sold over a period of time to repay about $1bn owed to creditors.

Sidek's creditor banks, however, were reported to be unhappy about the size of the new company, and the operation of the liquidating trust.

The restructuring negotiations are complicated by the hostility of foreign creditors, who believe Mexican banks are being given preferential treatment over their claims.

The Weston Group, a US investment bank which is representing a number of Sidek's creditors outside Mexico, is pressing for all claims to be treated equally.

"We believe Simec, the steel and aluminium producer, should be sold to release funds to pay creditors," a Weston Group spokesman said. "Simec is one of Sidek's prime assets and could fetch $150m to $200m if it were sold."

Sidek, however, is reluctant to divest from its one remaining profitable subsidiary.

Grasping the bad loans nettle

Japan's banks are taking steps to deal with their heavy losses

All this week Japan's banks have been venturing into new terrain. For the first time, nearly all the country's leading lenders have announced expected pre-tax losses for the financial year now ending.

For decades Japan's banks refused even to countenance the possibility of deficits, for fear of the damage they might do to public confidence. But this year, the tide has turned with a vengeance.

Between them, the largest 21 banks are expected to lose more than Y3,300bn ($31bn) at the pre-tax level. Only four will be immune from the red ink epidemic. For several banks, the losses will be equivalent to more than one-quarter of their shareholders' capital as reported six months ago.

The losses are not, of course, the result of any dramatic deterioration in the banks' operating environment. In fact, it is a curious irony that operating profits this year are expected to be the highest ever, as a result of big gains from a surging bond market last spring and summer.

The reason for the deficits is simple – banks, have, it seems, finally grasped the nettle of their bad loan difficulties, and have, for the first time, made a serious effort to uproot it.

The leading 21 banks will write off about Y10,000bn in bad loans, the largest single annual write-off binge. For several of them, the rather grandiose claims that their aggressive action marks the end of the bad loan crisis of the past three years might even prove to be true, though for most the move is little more than a first step.

Why, when these problems have plagued them for years, are banks acting now?

On one level massive losses make good political sense. Financial institutions are almost uniquely unpopular in Japan at the moment. They are seen as the principal undeserving beneficiaries of the government's planned bail-out scheme for the bankrupt housing loan companies.

In the circumstances it would not be politically prudent to be seen to be making anything other than heavy losses.

But the losses are politically inspired in another sense. As part of the liquidation plan for the housing lenders, or *jusen*, the banks have been asked by the government to write off their entire exposure to the jusen companies they founded in the 1970s. In return, they have been promised that the write-offs will be tax-deductible.

Most banks have not yet complied with the plan and abandoned all their jusen claims, since they are uncertain about its outcome. But that has not prevented them from either writing off or providing for their *jusen* losses. These charges account for more than one-third of the write-offs announced this week.

For perhaps a half-dozen of the strongest banks, the losses do indeed mark a relatively clean break with their current bad loan problems. Sanwa, for example, boasts that more than two-thirds of its declared non-performing loans are covered from loan loss reserves.

Other banks in a similarly healthy condition are Bank of Tokyo and Mitsubishi (which start afresh as a single, merged bank, next week), Sumitomo and Dai-Ichi Kangyo. For the weaker banks, the picture still looks bleak, in spite of even heavier write-offs. Companies such as Hokkaido Takushoku, Nippon Credit Bank and Chuo Trust still have a long way to go before they can claim to be past the worst.

But even for the stronger banks these figures could still deteriorate. Though the problems of the *jusen* will be accounted for by the end of this year, a host of other non-bank affiliates could present an even bigger headache. Estimates of bad loans at these finance houses range up to another Y40,000bn.

Whatever the ultimate scale of their losses, most banks will now take the opportunity to undertake a much-needed recapitalisation. This year's losses will push several banks' capital adequacy ratios close to Bank for International Settlements' minima, though the losses will be offset partly by an increase in share prices.

Banks count unrealised gains on equity holdings as part of their capital base, and as share prices have risen sharply since last September, their capital cushion has also become more comfortable.

But most banks realise they are still short of real capital. Within the next year an estimated Y2,500bn in new subordinated debt and equity will be issued – assuming the stock market can take it.

For the handful of healthy banks, this recapitalisation will represent a real opportunity for a fresh start. But the majority will probably be happy to use it as a shoring-up exercise, preparing them for the next big round of asset quality problems to come.

Gerard Baker

Japanese banks – forecasts for year to March 31 1996 (Pre-tax Ybn)

Bank	Profit (Loss)	Bad debt	Bank	Profit (Loss)	Bad debt
Fuji	(440)	850	Ind Bk of Japan	(160)	850
Sanwa	(260)	950	Long-term Credit Bank of Japan	(95)	650
Sakura	(390)	950	Nippon Credit Bk	(130)	420
Mitsubishi	70	n/a	Mitsubishi Trust	(320)	620
Bank of Tokyo	30	n/a	Sumitomo Trust	(325)	590
Dai-ichi Kangyo	100	550	Mitsui Trust	(250)	500
Sumitomo	40	n/a	Yasuda Trust	(210)	500
Daiwa	(70)	330	Chuo Trust	(75)	140
Asahi	(160)	500	Toyo Trust	(165)	320
Tokai	(340)	800	Nippon Trust	n/a	n/a
Hokkaido Takushoku	(190)	n/a			
Total	(1,610)	4,930	Grand Total	(3,340)	9,520

Source: Banks

Koor reveals new strategy for growth

By Julian Ozanne in Tel Aviv

Koor Industries, Israel's biggest and most profitable holding group, announced record annual profits yesterday, and its chief executive officer unveiled a new growth strategy of equity acquisitions abroad.

The results came ahead of the pricing in New York last night of an $80m international public offering of Tadiran Telecommunications, a subsidiary of the Koor-owned Tadiran. The Tadiran offering is part of Koor's highly successful strategy of upgrading its value by spinning off independent companies and taking them public.

Koor, which accounts for 7 per cent of Israel's industrial output and exports, said net income for the year ending December 31 1995 surged 20.5 per cent from $130m a year ago to $156m. The company's earnings per share rose from $9.48 in 1994 to $11.19, well ahead of most analysts' predictions. Sales advanced 15 per cent from $2.6bn in 1994 to almost $3.3bn last year. Exports in 1995 rose 19.5 per cent to a record $1.1bn, compared with $932m a year earlier.

Koor, traded on the New York and Tel Aviv stock exchanges, has holdings in electronics, telecommunications, building materials, chemicals, tourism, food and energy.

It attributed its record profits to increases in sales in most of its companies, particularly its Nesher cement producer and Telrad, a private telecommunications company.

In an interview Mr Benny Gaon, chief executive officer, said the financial performance marked the most profitable results ever produced in Israel. However, he bemoaned the lack of substantial depreciation of the shekel in the past 18 months and said every 5 per cent weakening of the exchange rate would give Koor added profitability of $50m.

Mr Gaon said Koor would no longer seek investments in Israel, a market he described as "saturated". He also predicted economic dividends from a Middle East peace would take considerably longer than expected to come through. Instead Koor's short-term growth would come from making industrial equity acquisitions abroad, particularly in developing countries in south-east Asia which were previously closed to Israeli business because of the Arab-Israeli conflict.

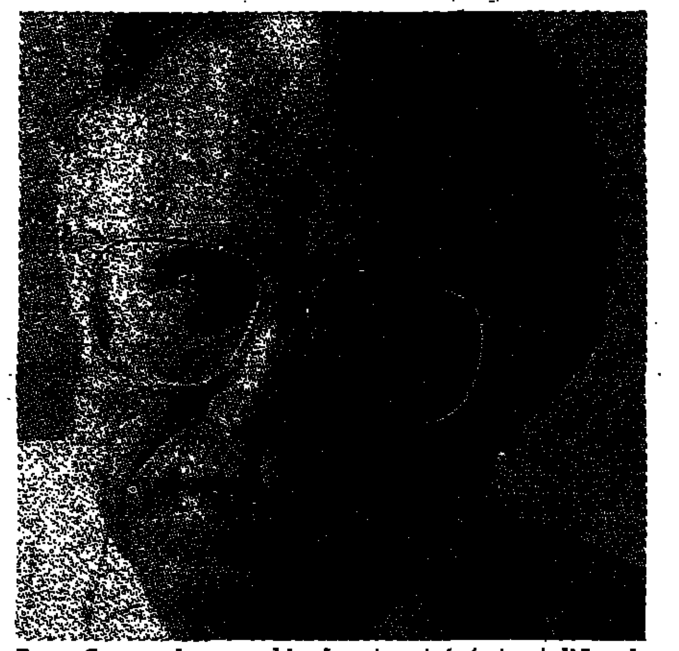
"Our problem now is how to continue to improve our impressive performance and we will not do this only from trade," he said. "What we intend to do is to buy industrial equity in the core business of Koor, bring in our management and technology, upgrade that equity and then float the companies in the local market.

"We want to go to Indonesia, Vietnam, Myanmar [Burma] and India where there are emerging economies with millions of people and offer our American shareholders to come and join us. We have to go more global."

Mr Gaon said Koor was considering a joint venture with the Myanmar government to produce cement. Koor is also building a food factory in Jordan with US-based CPC, the world's third biggest food manufacturer, its partner in Israel Edible Products. The company would also look at industrial projects in Jordan in building materials.

Last week Agan Chemicals and Makhteshim Chemical Works, two Koor chemical producers, said they would buy a 49 per cent stake in Herbitechnica, a Brazilian pesticide producer and distributor, for $20m.

In addition to investments in developing countries, Koor planned to make a $200m-$300m industrial acquisition in the US.



Benny Gaon: no longer seeking investments in 'saturated' Israel

Buyer for brick business to be announced within four weeks

US charge cuts Redland

By Andrew Taylor, Construction Correspondent

Redland expects to announce a buyer for its UK brick business as well as details of a radical restructuring of its European building materials operations within the next four weeks.

The plans include transferring Redland's western European roof tile operations, including its large UK business, to Braas its 50.8 per cent owned German subsidiary in return for cash and more shares.

Mr Robert Napier, chief executive, who yesterday reported a 26 per cent fall in group pretax profits to £273.2m ($415.26m), said the separate negotiations on the brick sale and with the Braas family trust were advanced. "We plan to make an announcement on both issues within the next month." The Braas family are opposed to Redland's stake rising above 60 per cent.

Four companies, including at least one UK group, have expressed an interest in buying the UK's third largest brick manufacturer, which has a market share of 17 per cent. Wienerberger, the Austrian brick producer and market leader in Germany, is considered to be favourite.

The steep fall in Redland's profits was mainly because of an unexpected £82.3m writedown against the group's Genstar aggregates operation in Maryland in the US.

Mr Napier warned that difficult trading conditions in the UK, Germany and France and had been exacerbated in the first two months of this year by poor weather. As a result profits were expected to dip again in the first half.

Trevor Humphries

Robert Napier, left, and Paul Hewitt, financial director

The fall in house building permits, however, had been stemmed in Germany.

Volume sales of aggregates, bricks and roof tiles fell by about 10 per cent in the UK and Germany and by about 6 per cent in France.

CableTel pays £235m for NTL

By Alan Cane and Raymond Snoddy

International CableTel, Britain's third largest cable television operator, is paying £235m ($357m) for NTL, the former IBA transmission company, in a deal which promises to create a potent force in British telecommunications.

The combination of the fibre optic systems which CableTel is constructing in its six franchise areas together with NTL's high capacity national network will provide the infrastructure for a national competitor able to provide voice, video, television and Internet services to residential and business customers.

It threatens to take business from British Telecommunications as well as the telecoms companies Mercury Communications and Energis, and BSkyB, Mr Rupert Murdoch's satellite television operation.

NTL had considered plans for a flotation last year but abandoned them in favour of the CableTel offer.

Thorn demerger cost falls

By Alan Cane

Demerging Thorn EMI will cost its shareholders about £75m, ($114m) rather than £100m envisaged originally, the company said yesterday in a statement which also indicated that the formal split would be a month later than expected.

It said the principal tax clearances for the demerger into the Thorn rental business and the EMI music operations, had been received from the UK Inland Revenue. However, discussions with the US tax service could continue beyond the demerger date.

It was confident the reorganisation of the US operations could be achieved at an acceptable tax cost, leaving the overall tax costs unlikely to exceed £30m and possibly as low as £25m.

Other costs were estimated at £50m. "Overall, therefore, the total costs of the demerger, all of which will be charged as an exceptional item in the current financial year, are likely to be in the region of £75m," the company said.

Analysts said yesterday the costs were small in relation to the value of businesses estimated at £1.8bn and £5.8bn respectively, against the group market capitalisation of about £6.94bn.

The effective date of the demerger would be August 19, rather than July 29. This was a consequence of problems with the timetable which could have seen share option holders trading in a closed period before the first quarter results, contravening stock exchange rules.

In other respects, the company said, the demerger plans were on track. It has decided against a listing for EMI in New York, but will review the matter in 1997. Thorn will however seek a Nasdaq listing to provide a share-based incentive to a wider group of US employees.

Senior plans thermal cuts

By Tim Burt

Senior Engineering, the specialist tubing and power station equipment manufacturer, plans to rationalise its thermal engineering and engineered products divisions to improve profitability.

The company – which in January parted company with Mr John Bell, its chief executive – said the restructuring was likely to involve job cuts in Britain and North America.

Problems in Senior's thermal engineering arm had overshadowed significant progress in other areas, Mr Alan Watkins, deputy chairman and acting chief executive, said.

Despite those problems, strong growth at Flexonics – Senior's flexible connectors and hoses subsidiary – helped lift pre-tax profits from £18.6m to £23.6m. The results were dented by a £7m write-off on a boiler contract and a £932,000 loss on disposal.

But Mr Watkins said it was a creditable result given pricing pressures in the engineered products and services division and the poor performance in thermal engineering.

Profits from continuing operations rose 40 per cent from £22.4m to £31.3m.

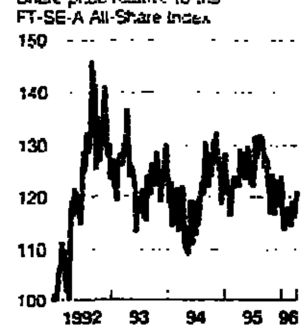
LEX COMMENT

UK utilities

United Utilities' statement yesterday should be required reading for all Britain's utilities. They should concentrate first on the sheer scale of the promised efficiency gains. If United is to be believed, putting together its North West Water and Norweb subsidiaries will ultimately generate gains of £140m a year. Delivering on this promise is not going to be easy. But it still adds up to the clearest exposition yet of the powerful case for putting overlapping utilities together. This does not mean there should be a flood of water companies bidding for regional electricity companies. On the contrary, the risk of overpaying for a rec is far too great.

United Utilities

Share price relative to the FT-SE-A All-Share Index



Source: FT Extel

However there are at least three ways of realising the benefits in other ways. The easiest option would be for overlapping utilities to pool billing and metering in a joint venture. Alternatively, recs could sell their supply and metering businesses to water companies – leaving their safest and biggest profit source, distribution, intact. But to get the full benefits, recs could bid for water companies; this could make more sense because water companies, unlike recs, still look cheap.

But United's statement is not just about the case for the multi-utility. As important is its decision to pull out of four peripheral businesses – contracting, retailing, process equipment and power generation. This deserves a cheer. And given their generally poor record of diversification, plenty of utilities could usefully follow suit.

Hyder, which like United now has an electricity company on its plate, should be first on the list.

Utd Utilities aims for £474m savings

By Patrick Harverson and Robert Taylor

United Utilities, the newly merged regional water and electricity group which plans to cut 2,500 jobs this year, expects cost savings to total £474m by the end of the decade.

United was formed in January from the £1.8bn merger of North West Water and Norweb, the local electricity provider.

The extent of the savings at United – £94m this year rising to £140m a year by 2000 – surprised the stock market yesterday. Analysts had been expecting annual savings of £70m-£80m over the next four years.

Mr Brain Staples, United's chief executive, said the savings were much bigger than anticipated, because the scale of overstaffing and inefficiency at Norweb had not become clear until after the merger.

United admitted that the savings would help pay for the costs of the merger and increased dividends. Customers would not begin to benefit directly until after 2000. The redundancies would be voluntary. They were necessary if the group was to become a profitable provider of high quality services in a competitive global market.

The group is taking an exceptional provision of £104m this year to cover the redundancy and other merger costs.

COMPANIES AND FINANCE: UK

Blue Circle overcomes European depression

By Andrew Taylor, Construction Correspondent

Blue Circle, the cement, bathroom and central heating group, yesterday reported possibly one of the best 1995 results of any UK-based building material groups. The company overcame depressed European markets to increase profits before exceptional charges by 12 per cent to £272.8m ($414.65m).

The company, even after absorbing a £55m restructuring provision against its problem European central heating business, lifted pre-tax profits by 43 per cent to £263.8m (£184.4m).

Mr Keith Orrell-Jones, chief executive, said it had made record profits in the US, Chile, Malaysia, Kenya and also in its European bathrooms division.

Its share price rose 12p yesterday to 335p.

The impact of the restructuring charge was offset by proceeds from the sale of the group's UK landfill business, limiting total exceptional charges to £9m (£59.4m).

Blue Circle has axed 626 jobs from its 7,500 strong UK, French, German and Swedish central heating companies. Another 400-500 jobs are expected to go this year.

Mr Orrell-Jones said the cuts would reduce costs by £9m this year and by £25m in 1997. The group had set itself a target of earning at least a 15 per cent return on capital employed after investing some £550m including goodwill in the heating division. It has already reorganised its European bathrooms business which which last year increased profits by 6 per cent to £27m (£25.4m).

The biggest contributor was the UK cement division which lifted profits by almost 2 per cent in spite of a 3 per cent fall in volume sales.

Operations in the US, where Blue Circle also has reorganised senior management in recent years, increased by almost 31 per cent to £63.5m (£48.5m), helped by higher sales and improved efficiency.

Profits in Chile rose 28 per cent to £45.5m and in Malaysia and Singapore by 37 per cent to £27.8m. African profits increased 6 per cent £30.9m.

Steady progress as Queens Moat back in black

By David Blackwell

A good performance from its UK hotels helped to lift operating profits at Queens Moat Houses, which underwent a £1.3bn ($1.97bn) restructuring last year after narrowly averting bankruptcy.

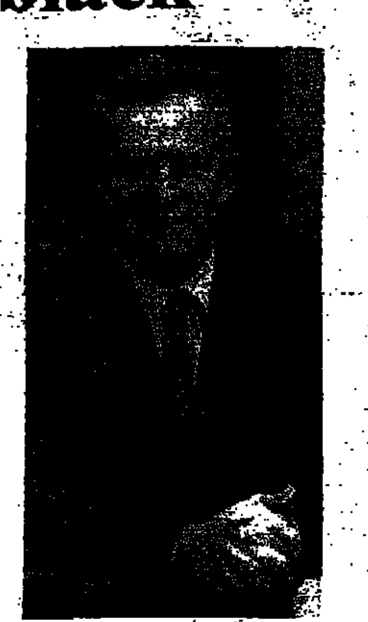
Nevertheless debt still stands at just over £1bn (£1.28bn). Shares in the group, in which a Swiss private investor has built an 11 per cent stake, closed unchanged at 22p.

Mr Andrew Coppel, chief executive, said the results reflected "an encouraging year of steady progress". He would concentrate on improving operating margins from last year's 9 per cent – "that is what will get this company out of the recovery ward".

Operating profits in the UK rose £5m to £38.7m on sales of £216.4m (£197m). Occupancy rates, which fell to 54 per cent in 1993, improved almost 5 percentage points to 66.8 per cent.

Mr Coppel said the group was continuing to catch up with the market average occupancy rate of almost 72 per cent last year.

UK hotels took the lion's share of the £33m capital spending. This year the group aimed to spend £24m in the UK.



Andrew Coppel: concentrating on improving margins

It ended the year with 83 hotels in the UK and a further 72 in Europe – mostly in Germany, the Netherlands, France and Belgium. The German market was poor, suffering from overcapacity, but the Netherlands lifted operating profits from £9.4m to £10.2m in spite of some hotel disposals.

Lloyds TSB eyes NZ bank

By Alison Smith, Investment Correspondent

The New Zealand arm of Lloyds TSB, the banking group, appears to be the front-runner to obtain Trust Bank New Zealand, a retail banking and mortgage group.

The deal would be the first expansion for the new group, which was created from the merger of Lloyds Bank and the TSB Group late last year.

While estimates for what Trust Bank might be worth range up to £600m, some analysts believe that Sir Brian Pitman, Lloyds chief executive, would not be prepared to pay that price.

While the deal would be sizeable in terms of NZ banks, it would still leave Lloyds TSB heavily focused on the UK retail financial services sector which in 1995 provided the bulk of group profits.

Just over one-fifth of Trust Bank was floated on the NZ Stock Exchange in early 1994, while the remaining 78 per cent is owned by nine community trusts.

Other possible partners that have been suggested include ASB Bank, 75 per cent-owned by Commonwealth Bank of Australia.

Next sees strong sales advance

By Peggy Hollinger

Next, the fashion retailer, promised investors strong sales growth this year as it announced a 32 per cent jump in annual pre-tax profits and a 30 per cent dividend rise.

Mr David Jones, chief executive, said he was "reasonably confident we can increase sales in the Next brand by about 15 per cent" without the benefit of higher prices.

The shares rose 15½p to close at 494½p after the group revealed profits up to £141.9m ($216m) for the year to January 27. Mr Jones attributed the success to the strength of the Next brand, rather than a general upturn in the retail environment.

Next's four US stores were showing lower losses, and Mr Jones said these would be eliminated this year.

However, the group was not planning to expand these stores. The main growth internationally would come from the franchise operation, which was being expanded from the Middle East into east Asia.

RESULTS

	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
							Dividends				
Andrews Sykes .... 9 mths to Dec 30 ☆	37	(51.4)	1.67	(1.96L♠)	19.2	(20.1L)	3	May 31	nil	3	nil
Arnotts ♣ .... Yr to Jan 31	50.7	(47)	5.43	(4.51)	20.7	(14.4)	6.25	June 28	5.75	9.5	8.5
Ash & Lacy .... Yr to Dec 29	104.1	(60.6)	5.32♠	(4.6)	12.24	(11.84)	4.1	May 25	3.9	6.7	6.4
Ayrshire Metal .... Yr to Dec 31	7.42	(6.55)	2.66	(2.18)	16.8	(14.2)	3.5	July 3	3.5	5.5	4.75
Baird (William) .... Yr to Dec 31	671.2	(534.3)	10.3♠	(25.1)	5.4	(14.8)	5.8	July 4	5.8	9.35	9.35
Benchmark .... 6 mths to Dec 31	506.9	(1,653)	0.263L♥	(0.608L)	1.87L	(4.21L)	nil	-	nil	-	nil
BLP .... Yr to Dec 31 ★	31.3	(30)	0.916	(1.87♥)	9.2	(12.2)	2.2	July 1	2	3.3	3
Blue Circle .... Yr to Dec 31	1,775	(1,780)	263.8♠	(184.4♠)	18.4	(12.7)	8.5	July 1	8	12.5	11.75
Booker .... Yr to Dec 30	4,223	(3,722)	82.8♠	(69.8♠)	22.8	(21.2†)	15.2	July 1	14.7	23.1	22.4
Brammer .... Yr to Dec 31 ★	183	(148.2)	21.6	(14.1)	31.5	(21)	9.5	July 1	8.75	14.25	13.25
Bridon .... Yr to Dec 31	333.9	(293.3)	nil♠	(10.1♥)	1.5L†	(15.7)	3.025	July 5	2.75	4.4	4
Caird .... Yr to Dec 31	18.2	(16.1)	11.8L♠	(0.986L)	20.65L	(1.72L)	nil	-	nil	nil	nil
Daniels (S) .... Yr to Dec 31	41.5	(38.3)	3.35L♠	(0.338L)	36.6L	(4.2L)	0.1†	-	0.1	0.1	0.1
Dowding & Mills .... 6 mths to Dec 31	56.8	(49)	5.61	(4.24)	2.2	(1.72)	1.06	May 9	1	-	2.75
Estates & Agency .... 6 mths to Dec 31	2.99	(2.98)	0.607	(0.706)	6.85	(7.8)	6	May 10	4.5	-	14.5
Eyecare Products .... Yr to Dec 31	60.5	(20.6)	3.21	(3.03L♠)	3.6	(7.4L)	1.1	July 16	1	1.65	1.5
Firecrest Φ .... Yr to Dec 31	6.61	(7.13)	0.603	(0.414)	2.3	(2.3)	-	-	-	-	-
Gaskell .... Yr to Dec 31	39.1	(38.2)	0.807	(0.714)	11.4	(9.7)	3	July 5	2.75	4.5	4.25
Graseby .... Yr to Dec 31	92.6	(94)	6	(10.1♥)	5.9	(11.8)	3.9	May 28	3.9	6.6	6.6
Jacobs .... Yr to Dec 31	23	(8.64)	0.196♠	(0.971L♠)	1.9	(3.6L)	0.9375	May 16	0.75	1.25	1
Johnston Group .... Yr to Dec 31	137.9	(133.8)	6.62	(5.42)	38.73	(31.7)	7	July 3	6.5	11	10
Kingspan ♣ .... Yr to Dec 31	83.4	(70.1)	6.11	(4.72)	18.7†	(14.6)	2.3	June 26	1.8	3.7	3
Macfarlane .... Yr to Dec 31	158.6	(117)	21.2	(16.3)	12.03	(9.19)	2.5	May 30	2*	3.9	3.13*
Meltek Φ .... Yr to Dec 31	13.7	(11.5)	0.469	(0.251♠)	6.07†	(2.2)	1.32	May 13	-	2.5	-
Morrison (Wm) .... 53 wks to Feb 4	2,099	(1,779)	127.1	(116.1)	10.67	(9.91)	1.125	May 15	0.96	1.4	1.2
MY Holdings .... 6 mths to Mar 2	42	(55)	5.49	(3.24)	2.76†	(2.11)	0.7	June 12	0.6	-	2
Next .... Yr to Jan 27	773.8	(652.9)	141.9♥	(107.4♥)	28.2	(21.8)	8	July 1	6.25	11.75	9
Norcor .... Yr to Dec 31	55.9	(44.1)	2.63	(6.48♥)	8†	(28.6)	3.1	May 24	3.1	4.75	3.1
Portmeirion .... Yr to Dec 31	30.7	(27.5)	5.41	(4.73)	35.04	(30.67)	8.5	June 8	7.5	11.5	10
QS Holdings .... Yr to Jan 26	54.4	(61.1)	0.702L	(5.26)	1.53L	(8.5)	nil	-	3.63	1.56	5.19
Queens Moat Houses .... Yr to Dec 31	454.1	(426.6)	42.4♥	(95.2L♠)	13.5	(124.1L)	nil	-	nil	nil	nil
Redland .... Yr to Dec 31	2,746	(2,775)	273.2♠	(373♥)	14.8	(33)	11.17	July 1	11.17	16.67	19.42
RJB Mining .... Yr to Dec 31	1,461	(116.6)	173.1	(16.1)	67.7†	(26.3)	10.5	May 24	7.3	16	12.5
Roskel .... Yr to Dec 31	64.3	(52.3)	2.7♠	(1.7♠)	10.69	(6.49)	3.3	July 1	3	4.6	4.3
Senior Eng .... Yr to Dec 31	490.7	(393.6)	22.1♠	(18.1♠)	5.04†	(4.38)	2.23	June 5	2.1	3.6	3.4
Slough Estates .... Yr to Dec 31	-	(-)	70.7	(64)	11.1	(9.1)	5.4	-	5	8.5	8.1
Tepnel Life Sci .... Yr to Sep 30	0.147	(-)	1.63L	(2.4L)	6.8L	(10.3L)	-	-	-	-	-
Trafford Park Est .... 6 mths to Dec 31	4.98□	(5.22□)	2.89	(2.68)	2.845	(2.646)	1.05	May 10	1	-	3.3

Investment Trusts	NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Edinburgh Dragon .... 6 mths to Feb 29	115.27	(99.67)	0.283L	(0.962L)	0.105L	(0.364L)	-	-	-	-	-
F&C US Smaller .... 6 mths to Dec 31	140.8	(103.5)	0.059L	(0.012L)	0.12L	(0.02L)	-	-	-	-	-
North Amer Gas .... 6 mths to Jan 31	71.6	(68.3)	0.729L	(0.796L)	2.07L	(2.26L)	nil	-	nil	nil	nil

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ☆Comparatives for year to March 31 1995. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ★Comparatives restated. ♣Irish currency. *Equivalent after allowing for scrip issue. ΦAim stock. §USM stock. □Gross income.

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COMMODITIES AND AGRICULTURE

Wheat stocks forecast raised but still at 20-year low

By Richard Mooney

The International Grains Council has increased its estimate of 1995-96 end-season wheat stocks, but the projected level would still be the lowest for 20 years.

In the latest issue of its monthly Grain Market Report the London-based IGC puts 1995-96 world wheat production at 535m tonnes, compared with the 533m it forecast in its February report and 526m in 1994-95. At the same time it cuts the consumption figure by 2m tonnes to 545m, also 2m tonnes below the 1994-95 figure and the lowest level since 1989-90.

The stocks figure is raised by 6m tonnes to 94m (because of variations in crop years, changes in stocks do not necessarily equal the difference between production and consumption, the IGC points out).

WHEAT (million tonnes)	1995-96 forecasts as at Mar 27	as at Feb 28	1994-95	1993-94	1992-93
Production	535	533	525	558	562
Trade	96	97	95	93	105
Consumption	545	547	547	566	552
Stocks	94	88	104	126	134

Source: IGC

But that would still be 10m tonnes below the 1994-95 figure and 32m below 1993-94's.

The area sown to common wheat in the European Community is likely to increase by about 3.6 per cent as a result of a reduction in the compulsory rate of land set-aside and a switch to wheat from other grains, the report says.

Smaller crops are expected in the major producing countries of central and eastern Europe, because of rising input costs and weather delays, but prospects for winter grains in Russia are reported to be favourable and production is forecast to recover from last year's drought-restricted level. Production could also rise in the Ukraine, where planted area is little changed but growing conditions have improved, the IGC says.

Winter wheat plantings rose by 7 per cent in the US, the report says, but the crop has suffered from "dry, windy and cold weather in the Great Plains". Recent rains have improved conditions in parts of Kansas and Oklahoma, it adds, but "more precipitation is needed to improve prospects throughout the southern plains".

In Canada, wheat acreage is projected to rise by about 10 per cent as production is encouraged by continuing high prices. Increased returns are also expected to lead to a 20 to 25 per cent increase in Argentine plantings and a return to normal yields could result in output rising by 38 per cent to 12m tonnes, the IGC estimates.

In Turkey and Australia too, high prices are forecast to bring increased plantings and bigger crops.

In Asia, China's dry and windy weather is causing concern, the IGC says, but India's timely monsoons could help its crop to beat last year's record, while Pakistan's harvest is expected to be similar to the 1995 record.

On the consumption side of the equation one of the main changes leading to the 2m-tonne reduction in the IGC's projection was an increase in the amount of India's record 1995 crop that is now expected to go into store.

The decline in the use of wheat for animal feed is expected to continue. The report puts feed usage in 1995-96 at 87m tonne, the lowest since 1981-82, while human consumption is expected to account for a record 415m tonnes.

Rubber pact members stretch signing deadline

By Frances Williams in Geneva

Rubber producing and consuming countries meeting in Geneva yesterday agreed to extend to July 31 the deadline for signing a new global price stabilisation pact.

The 1995 International Natural Rubber Agreement has faced collapse because not enough consumer nations had signed by the previous deadline of December 28 1995 for it to enter into force as planned in January next year.

In particular, the US – which accounts for 29 per cent of world rubber consumption – failed to sign because of the government shutdown caused by its budget crisis.

The agreement, negotiated under the auspices of the UN Conference on Trade and Development, must be signed and ratified by states accounting for 75 per cent of rubber production and consumption.

Thailand, Indonesia, Malaysia and Sri Lanka – representing over 90 per cent of output – have signed. But without the US, which says it intends to sign, the consumer target cannot be reached. The pact has been signed so far only by the European Union and Japan, accounting for less than half world consumption.

Australia to continue wool stockpile sales

By Nikki Tait in Sydney

Australia's new conservative coalition government this week called a "ministerial round table conference", to discuss the future of the country's troubled wool industry.

But Mr John Anderson, the new federal primary industries minister, reaffirmed that the government intended to retain the existing wool stockpile release schedule. This stipulates that Wool International, a statutory body, conduct a fixed and regular schedule of sales from the large stockpile which built up under a previous price guarantee scheme.

Many woolgrowers have been heavily critical of Wool International's programme ever since wool prices started to fall sharply in 1995. They claim that WI's activities – both the fact it is pushing supplies into a falling market and the way in which it has been conducting these sales – are simply compounding the market weakness. There are also fears that a second, unofficial wool stockpile may be developing, as growers leave wool in storage.

Tin price rise forecast as Chinese demand surges

By Kenneth Gooding, Mining Correspondent

China's industrialisation is swelling the urban population and boosting its demand for canned foods and beverages. This, in turn, is leaving the country with less and less tin to export, says Mr Martin Squires, analyst at Rudolf Wolff, a subsidiary of Canada's Noranda natural resources group.

Chinese exports have been accounting for most of the western world's persistent tin supply deficit over the past few years, he points out. "However, with China's economy expanding by more than 10 per cent a year and domestic demand rising, 1996 exports are unlikely to exceed last year's 43,000 tonnes."

Beverage can demand in China is growing at an estimated 40 per cent a year and tin plate is regaining market share. "So domestic demand for tin should show a marked increase," says Mr Squires in a special Wolff report on tin.

He is among those analysts who are suggesting that tin prices are set to rise above US$7,000 a tonne within a few months. Last night tin for delivery in three months on the London Metal Exchange closed $60 down at $6,405 a tonne.

"Tin is a metal in waiting and a return to the $7,315 peak of 1995 is expected in the second half of 1996," says Mr Squires.

He suggests that the supply deficit in the western world will be 12,500 tonnes this year as consumption of tin grows at a healthy 4 per cent while there is limited new smelting capacity to come on stream. LME tin stocks have fallen by 20 per cent since the start of this year and will go on falling. "The tin price, on the other hand, has under-performed in relation to the stock decline."

Another analyst with a bullish view of tin, Mr Fidelis Madavo, research manager at the CRU International metals consultancy, said yesterday the price could be expected to rise to between $7,000 and $7,500 a tonne within a year because of persistent supply deficits.

At the Metal Bulletin conference in Miami he suggested tin demand would outstrip supply by 6,000 tonnes this year, by 3,500 tonnes next year and by 7,100 tonnes in 1998. He forecast refined tin production this year would be 145,000 tonnes while consumption would reach 192,500 tonnes.

Russia 'may have to end' platinum balancing act

By Kenneth Gooding

Russia will need to export about 1m troy ounces of platinum a year to the turn of the century if it is to continue plugging the gap between supply and demand for the metal in the western world, according to Ms Rhona O'Connell, analyst at stockbroker T. Hoare & Company.

As this represents roughly twice as much as the Russian mines produce each year, the big question for the platinum price is: "For how long can the Russians keep up supply and hold the market in balance?" Ms O'Connell asks in a special report on the platinum market.

She suggests that probably the best estimate has been given by Mr Michael McMahon of Impala, the South African platinum producer. He said recently the Russian stockpile could meet western demand "for only another couple of years".

Russian sales to the west are therefore likely to reduce gradually, says Ms O'Connell. So, "although the outlook for 1996 looks rather boring [for platinum], 1997 could well be exciting".

She forecasts that the platinum price this year will average US$435 an ounce, compared with an average of $424.23 in 1995, and trade in a range between $389.25 and $465. Next year the price is forecast to move up to an average of $450 an ounce and the trading range will be between $420 and $510.

Ms O'Connell points out that the Russians are in a better position to fill the supply gap in the west this year because their Japanese customers have reduced their contracted purchases for 1996 by 10 per cent. "The Russian authorities have stated that if at any point this year the price exceeds the price struck with the Japanese, Russia will sell into the spot market."

A steady rise in demand for platinum for automotive anti-pollution catalysts and from the jewellery makers is likely to drive western world platinum consumption up from 4.55m ounces last year to about 4.82m this year and to 5.15m in 1997, Ms O'Connell suggests. By the year 2000 demand is predicted to reach 5.98m ounces.

Meanwhile, total western world supply of the metal is forecast to move up from 3.8m ounces last year, to 4.23m this year and to 4.64m in 1997. By 2000 supply is likely to be 5.27m.

Philippine copper company faces big bill for waste leak

By Edward Luce in Manila

The Philippine government said yesterday that Marcropper, a local copper mining company, would have to pay in full for damage caused by the tailings (waste) that have leaked into the Boac river in Mindanao, southern Philippines.

The company, which is 40 per cent owned by Placer Dome, the Canadian mining group, stressed yesterday that the waste, which is pouring into the river at the rate of 18 cubic metres a second, was not harmful.

But residents of the Marinduque area affected by the leakage remain suspicious of the company's reassurances pointing out that animals and vegetation had already been killed off less than two days after the calamity. Marcropper, which has promised to compensate locals affected by the leakages, has rebutted the criticism.

"Definitely its non-toxic," said Ted Gabor, vice-president of Marcopper yesterday. "We will not compromise any life in the province of Marinduque." Marcopper said the copper mill, which has a capacity of 30,000 tonnes of copper ore per day, would be closed for at least a month while the drainage system connected to the tailing dump was fixed.

The company, which reported net profits of US$3.1m last year, has been plagued by mishaps recently. It had to close its main copper mine last year for 49 days because of strikes and flooding from a series of typhoons. The problems are expected to damage the company's 1996 earnings. The Philippine stock exchange yesterday suspended trading in Marcopper shares until further notice.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1642-3	1672-3
Previous	1645.5-6.5	1676-7
High/low	1638.5	1674/1665
AM Official	1638-8.5	1668-9.5
Kerb close		1673-3.5
Open int.	221,195	
Total daily turnover	35,784	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1385-95	1427-31
Previous	1387-92	1427-30
High/low		1428/1423
AM Official	1384-6	1425-7
Kerb close		1425-30
Open int	5,827	
Total daily turnover	493	

■ LEAD ($ per tonne)

Close	811.5-3.5	786.5-8.5
Previous	804-6	787.5-8.5
High/low	815	794/787
AM Official	814-5	789-90
Kerb close		794-5
Open int.	39,543	
Total daily turnover	6,469	

■ NICKEL ($ per tonne)

Close	8245-55	8345-50
Previous	8350-60	8450-55
High/low	8215	8400/8310
AM Official	8210-20	8325-30
Kerb close		8340-50
Open int.	41,625	
Total daily turnover	7,617	

■ TIN ($ per tonne)

Close	6380-90	6400-10
Previous	6450-60	6460-70
High/low		6430/6365
AM Official	6345-55	6385-75
Kerb close		6425-30
Open int.	17,651	
Total daily turnover	4,769	

■ ZINC, special high grade ($ per tonne)

Close	1066-7	1089.5-90.0
Previous	1064-6	1087.5-8.5
High/low		1094/1086
AM Official	1063-4	1086.5-7.0
Kerb close		1093.5-4.0
Open int.	73,560	
Total daily turnover	12,415	

■ COPPER, grade A ($ per tonne)

Close	2537.5-9.5	2526-7
Previous	2534-6	2523-4
High/low		2535/2515
AM Official	2526-30	2516-7
Kerb close		2532-3
Open int.	176,513	
Total daily turnover	39,365	

■ LME AM Official £/$ rate: 1.5223
LME Closing £/$ rate: 1.5246

Spot: 1.5244 3 mths: 1.5222 6 mths: 1.5203 9 mths: 1.5181

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	116.70	+0.75	117.05	115.90	192	3,177
May	116.25	+0.65	117.00	115.20	2,893	21,655
Jun	115.20	+0.55	115.60	115.05	12	874
Jul	114.60	+0.60	115.20	114.00	201	5,813
Aug	113.95	+0.60	113.40	113.40	22	510
Sep	113.10	+0.70	113.40	112.80	41	3,179
Total					4,158	44,167

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	398.10-398.40		
Opening	398.80-399.20		
Morning fix	398.60	262.392	477.802
Afternoon fix	398.70	261.700	476.048
Day's High	399.00-399.40		
Day's Low	397.20-397.60		
Previous close	399.90-400.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.03	6 months	3.90
2 months	4.01	12 months	3.76
3 months	3.99		

Silver Fix	p/troy oz.	US cts equiv.
Spot	370.75	563.90
3 months	374.70	569.10
6 months	379.35	575.35
1 year	388.85	587.65

Gold Coins	$ price	£ equiv.
Krugerrand	398-401	261-263
Maple Leaf	408.80-411.35	-
New Sovereign	94-97	62-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	398.9	-3.5	400.8	396.5	29,420	26,848
Jun	399.7	-3.5	403.6	399.2	24,533	93,388
Aug	402.1	-3.5	404.8	401.5	4,849	18,925
Oct	404.7	-3.5	407.2	404.7	97	5,294
Dec	407.2	-3.5	409.8	407.0	1,352	16,394
Feb	409.7	-3.5	410.2	410.2	13	5,008
Total					61,600	265,872

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	410.8	-6.0	416.8	410.0	4,290	5,427
Jul	413.2	-6.4	417.5	411.5	5,204	15,067
Oct	416.2	-6.4	420.5	415.0	469	2,868
Jan	419.0	-6.4	422.0	422.0	10	751
Apr	421.5	-6.4	-	-	1	338
Total					9,977	24,471

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Jun	141.20	-1.90	142.25	140.60	229	6,159
Sep	142.30	-1.90	142.00	142.00	5	564
Dec	143.30	-1.90	143.00	143.00	-	73
Total					234	6,798

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

May	553.0	-15.5	569.0	548.0	12,631	58,394
Jul	557.6	-15.6	574.0	555.0	402	15,232
Sep	562.1	-15.7	577.5	558.0	189	11,112
Dec	569.3	-15.7	583.0	568.0	134	7,485
Mar	576.9	-15.7	589.0	585.0	19	3,170
May	581.7	-15.7	592.5	592.5	20	96
Total					13,388	98,708

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	21.48	-0.33	21.83	21.11	52,180	88,583
Jun	19.89	-0.29	20.34	19.75	28,616	73,537
Jul	19.19	-0.15	19.41	19.01	12,101	46,961
Aug	18.68	-0.14	18.85	18.58	8,530	30,043
Sep	18.41	-0.11	18.47	18.33	6,720	25,603
Oct	18.18	-0.17	18.25	18.13	2,193	16,017
Total					125,985	429,579

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	18.86	-0.73	19.41	18.92	19,305	68,267
Jun	18.01	-0.45	18.25	17.97	9,338	47,038
Jul	17.39	-0.28	17.56	17.39	3,201	42,333
Aug	17.07	-0.17	17.18	17.07	738	16,041
Sep	17.00	-0.01	17.00	16.88	100	13,167
Oct	16.80	-0.05	16.80	16.80	148	4,802
Total					32,829	221,885

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	63.75	-2.18	65.95	62.70	14,898	10,584
May	56.85	-1.38	58.25	56.30	15,636	22,707
Jun	53.10	-0.78	53.70	52.70	7,399	14,728
Jul	52.20	-0.43	52.35	51.80	2,855	9,785
Aug	52.05	-0.53	52.20	51.70	1,238	8,316
Sep	52.45	-0.53	52.75	52.15	521	3,922
Total					47,078	94,438

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	188.00	-8.50	194.50	187.50	7,434	14,661
May	171.00	-6.75	174.25	169.75	4,764	12,982
Jun	162.75	-5.00	165.00	161.50	2,204	9,916
Jul	159.00	-3.25	160.25	157.00	799	6,084
Aug	157.75	-2.50	158.25	155.50	514	5,486
Sep	157.00	-2.75	158.00	158.00	50	2,099
Total					16,017	60,614

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
May	2.345	+0.006	2.370	2.300	15,366	33,868
Jun	2.255	+0.016	2.255	2.200	1,785	19,263
Jul	2.200	+0.020	2.200	2.150	1,977	16,513
Aug	2.150	+0.008	2.150	2.115	933	14,145
Sep	2.110	+0.003	2.110	2.080	816	12,200
Oct	2.090	-0.002	2.090	2.075	858	9,802
Total					25,898	148,697

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	64.50	-1.22	65.50	64.05	10,990	12,253
May	64.05	-0.97	64.90	63.60	11,399	29,305
Jun	62.70	-0.78	63.50	62.30	4,786	12,168
Jul	60.70	-0.68	60.90	60.40	2,886	8,523
Aug	58.25	-0.83	58.60	58.20	2,172	4,991
Sep	58.30	-0.58	58.30	56.05	1,228	2,302
Total					33,865	71,483

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	125.30	+1.10	125.80	124.50	711	2,989
Jul	127.40	+1.30	127.95	126.75	136	833
Sep	111.30	+0.20	113.00	112.75	-	261
Nov	112.75	+0.25	-	-	122	1,545
Jan	114.65	+0.25	-	-	-	462
Total					969	6,138

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

May	497.50	-3.25	499.00	495.25	6,238	22,091
Jul	467.00	-2.75	469.25	465.00	12,517	46,492
Sep	468.75	-2.50	469.50	467.00	779	9,111
Dec	479.50	-2.50	480.00	477.00	718	6,452
Mar	479.50	-0.50	479.50	478.00	49	496
Jul	412.00	-	412.00	410.00	35	562
Total					20,300	85,223

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

May	399.25	-	398.75	398.00	34,908	181,551
Jul	384.50	-0.25	384.75	383.25	17,914	135,309
Sep	332.00	-0.75	332.50	331.25	4,477	39,553
Dec	315.75	-1.00	316.75	315.25	8,618	97,097
Mar	320.75	-0.75	321.50	320.50	478	8,679
May	323.50	-1.25	324.00	323.25	15	390
Total					66,568	467,024

■ BARLEY LCE (£ per tonne)

May	110.80	+0.80	111.50	110.50	33	464
Sep	106.65	-	-	-	-	44
Nov	108.65	+0.20	109.00	108.60	43	531
Jan	110.45	+0.30	-	-	-	98
Mar	112.40	+0.35	-	-	-	24
Total					76	1,161

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

May	739.00	-1.00	740.00	737.00	17,930	62,648
Jul	744.75	-1.75	746.50	743.00	8,360	51,578
Aug	744.25	-1.75	745.00	742.50	912	7,869
Sep	731.25	-3.25	734.00	731.00	275	4,019
Nov	725.25	-3.75	729.00	725.00	5,229	56,093
Jan	731.50	-2.50	732.00	731.00	92	3,110
Total					32,871	188,309

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

May	25.19	-0.02	25.24	25.09	5,423	31,990
Jul	25.53	-0.02	25.58	25.43	4,620	29,046
Aug	25.69	-0.01	25.72	25.63	708	6,653
Sep	25.82	-	25.88	25.79	816	4,156
Oct	25.92	+0.02	25.95	25.80	81	2,952
Dec	26.15	-0.03	26.22	26.10	833	10,119
Total					12,796	88,510

■ SOYABEAN MEAL CBT (100 tons; $/ton)

May	230.7	-0.2	231.6	230.3	5,055	36,694
Jul	233.6	-0.5	234.6	233.1	6,123	28,955
Aug	233.2	-0.9	234.4	232.9	381	5,675
Sep	231.5	-1.7	233.3	231.5	155	3,729
Oct	228.8	-1.2	229.7	229.0	171	3,133
Dec	228.7	-1.6	230.0	228.8	911	9,738
Total					12,280	85,419

■ POTATOES LCE (£/tonne)

Apr	167.0	+6.2	167.0	158.0	66	506
May	172.3	+3.8	172.0	164.0	25	120
Jun	225.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Mar	130.0	-	-	-	-	-
Apr	117.0	+1.5	117.0	117.0	10	128
Total					99	754

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	1437	+4	-	-	-	576
Apr	1525	+5	1526	1520	193	1,221
May	1451	-2	1460	1455	66	689
Jul	1330	+5	1335	1330	14	1,932
Oct	1367	+14	1370	1365	13	711
Jan	1388	-	-	-	-	56
Total					286	5,227

	Close	Prev
BFI	1445	1430

FUTURES DATA
All futures data supplied by CMS.

Wool
The Final wool auction before the Easter recess were held in the main primary markets this week. The most positive advance was at the sale of Scottish wool in Bradford, where the clearance was very good and prices continued on the rising which had applied in the British wool sector for some weeks. Other crossbred wool in New Zealand barely maintained last week's levels, but for some users currency entered into calculations and firming applied locally. Strength in the Australian dollar also had a marked influence on pricing according to the currency of the buyer. There is an impression that the pipeline in leading wool consuming countries is gradually clearing, with business following. The main Australian market indicator closed at 572 cents, just 3 cents up on the week, while New Zealand,s main indicator was 2 cents lower at 493 cents.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	950	+15	935	935	1	25
May	948	+10	953	936	7,050	20,187
Jul	973	+12	974	958	4,869	17,987
Sep	987	+4	990	978	2,189	39,291
Dec	979	+5	981	974	1,626	19,874
Mar	989	+2	993	985	644	42,010
Total					16,465	152,851

■ COCOA CSCE (10 tonnes; $/tonnes)

May	1277	+8	1281	1262	10,622	27,305
Jul	1299	+9	1301	1285	7,422	21,140
Sep	1318	+8	1319	1306	1,886	14,354
Dec	1340	+5	1340	1333	435	13,902
Mar	1366	+6	1368	1360	985	8,151
May	1390	+13	1390	1385	64	4,664
Total					24,281	98,789

■ COCOA (ICCO) (SDR's/tonne)

Mar 27	Price	Prev. day
Daily	940.86	909.72

■ COFFEE LCE ($/tonne)

Mar	2024	-64	2083	2020	236	1,079
May	1931	-13	1938	1915	1,509	14,391
Jul	1878	-6	1878	1863	838	5,767
Sep	1856	-4	1856	1847	168	3,606
Nov	1833	-1	1838	1828	26	1,817
Jan	1805	-8	-	-	-	890
Total					2,777	27,851

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

May	121.40	-0.35	123.00	120.40	7,931	17,992
Jul	120.65	-0.30	122.00	119.65	2,349	7,274
Sep	119.90	-0.50	120.95	119.50	479	4,138
Dec	119.25	+0.25	120.00	118.75	223	1,855
Mar	118.90	-	118.50	118.00	39	506
May	118.25	-0.05	-	-	-	134
Total					11,021	31,903

■ COFFEE (ICO) (US cents/pound)

Mar 27	Price	Prev. day
Comp. daily	109.47	108.85
15 day average	106.43	106.01

■ No7 PREMIUM RAW SUGAR LCE (Suspended)

	-	-	-	-	-	-
	-	-	-	-	-	-
Total					-	-

■ WHITE SUGAR LCE ($/tonne)

May	392.4	-0.6	393.1	390.0	2,377	11,248
Aug	368.7	-1.2	369.9	366.7	267	8,408
Oct	335.7	+0.1	336.0	333.0	94	4,706
Dec	325.7	+0.3	327.4	327.4	120	2,579
Mar	316.7	+0.9	317.5	316.7	67	1,069
May	314.4	+1.0	-	-	-	-
Total					2,925	28,818

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	11.68	-0.18	11.83	11.53	6,217	57,172
Jul	10.87	-0.13	10.95	10.80	2,919	40,539
Oct	10.60	-0.02	10.64	10.50	875	28,582
Mar	10.30	+0.02	10.30	10.21	1,002	16,607
May	10.19	+0.01	10.18	10.17	65	4,774
Jul	10.03	+0.01	10.03	9.97	143	2,265
Total					11,306	150,482

■ COTTON NYCE (50,000lbs; cents/lbs)

May	83.88	+0.02	84.40	83.60	5,845	19,521
Jul	84.90	+0.18	85.30	84.75	2,003	12,571
Oct	81.92	+0.32	82.15	81.80	231	2,514
Dec	79.97	+0.08	80.10	79.85	789	18,362
Mar	80.75	+0.10	80.85	80.75	122	2,140
May	81.30	+0.10	81.15	80.95	23	894
Total					9,053	58,074

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	130.05	-1.70	131.75	130.00	375	15,756
Jul	129.05	-1.75	130.75	129.05	248	4,507
Sep	127.15	-1.65	128.00	127.15	72	2,430
Nov	123.85	-1.75	125.40	124.75	34	902
Jan	122.50	-1.00	122.50	122.50	14	2,793
Mar	124.50	-1.00	124.75	124.75	-	166
Total					711	26,677

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 27	Mar 27	month ago	year ago
2135.8	2138.9	2134.6	2299.5

■ CRB Futures (Base: 1967=100)

Mar 27	Mar 26	month ago	year ago
252.85	252.66	248.95	232.92

■ GSCI Spot (Base: 1970=100)

Mar 27	Mar 26	month ago	year ago
208.21	208.07	198.23	179.00

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	63.950	-0.650	64.800	63.875	9,762	22,542
Jun	63.125	-1.250	64.325	63.100	8,135	30,645
Aug	62.375	-0.600	63.050	62.250	2,381	18,444
Oct	63.675	-0.375	63.650	63.500	1,079	10,518
Dec	62.950	-0.350	63.400	62.775	1,565	8,785
Feb	63.125	-0.325	63.500	63.100	247	3,497
Total					23,203	94,714

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	50.675	-0.100	50.800	50.475	1,894	9,993
Jun	54.925	-0.375	55.300	54.875	2,801	16,031
Jul	52.600	-0.025	52.900	52.550	674	4,464
Aug	49.750	-0.075	49.850	49.550	339	5,268
Oct	45.300	+0.100	45.400	45.200	216	3,068
Dec	46.725	+0.025	46.900	46.550	85	1,657
Total					6,031	41,335

■ PORK BELLIES CME (40,000lbs; cents/lbs)

May	66.675	-1.250	68.050	66.550	1,741	6,558
Jul	65.775	-0.850	66.800	65.650	523	2,966
Aug	63.100	-0.525	63.900	63.050	144	910
Feb	61.825	-0.600	62.800	62.000	15	130
Mar	62.100	-	62.100	62.100	2	8
Total					2,428	10,624

LONDON TRADED OPTIONS

Strike price $ tonne ---- Calls ---- ---- Puts ----

■ ALUMINIUM (99.7%) LME	Apr	Jun	Apr	Jun
1600	70	134	8	43
1700	15	79	52	86
1800	1	43	138	147
■ COPPER (Grade A) LME	**Apr**	**Jun**	**Apr**	**Jun**
2400	147	128	3	56
2500	66	77	21	102
2600	19	43	73	165
■ COFFEE LCE	**May**	**Jul**	**May**	**Jul**
1850	78	130	51	152
1900	57	111	76	183
1950	39	95	108	217
■ COCOA LCE	**May**	**Jul**	**May**	**Jul**
875	73	105	-	7
900	50	85	2	12
925	30	67	7	19
■ BRENT CRUDE IPE	**May**	**Jun**	**May**	**Jun**
1850	-	55	35	-
1900	68	43	54	129
1950	43	26	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$17.28-7.36x	-0.27
Brent Blend (dated)	$19.96-0.04	-1.27
Brent Blend (May)	$19.08-9.10	-0.74
W.T.I.	$21.22-2.27x	-0.755

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$205-207	-5
Gas Oil	$198-200	-10
Heavy Fuel Oil	$103-105	+1
Naphtha	$184-186	
Jet fuel	$221-223	-11
Diesel	$200-202	-10

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

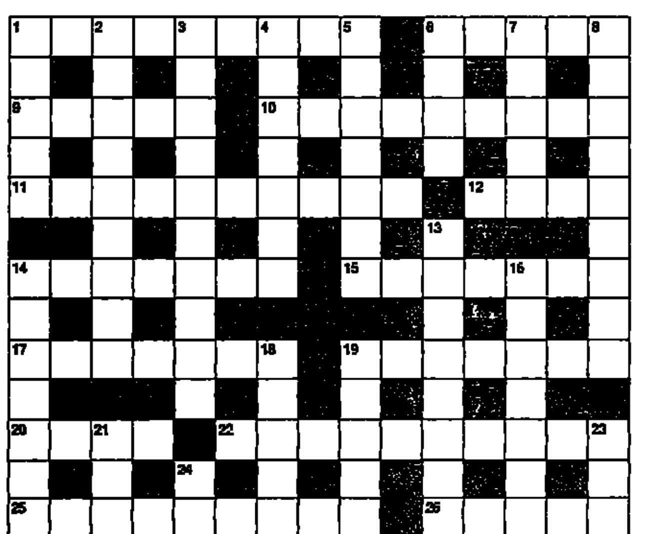
Gold (per troy oz)‡	$398.30	-1.80
Silver (per troy oz)‡	559.00c	-8.5
Platinum (per troy oz.)	$412.25	-2.75
Palladium (per troy oz.)	$139.00	-2.00
Copper	123.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	16.04r	+0.04
Tin (New York)	303.5	
Cattle (live weight)††	100.62*	-14.09*
Sheep (live weight)†♣	152.04p	-4.35*
Pigs (live weight)†	137.64p	+37.21*
Lon. day sugar (raw)	$312.0	-0.90
Lon. day sugar (wte)	$402.0	+0.50
Barley (Eng. feed)	113.25	
Maize (US No3 Yellow)	146.5z	
Wheat (US Dark North)	Unq.	
Rubber (Apr)♥	103.25p	
Rubber (May)♥	103.25p	
Rubber (KL RSS No1)	383.50m	-1.00
Coconut Oil (Phil)§	$722.5v	-2.5
Palm Oil (Malay.)§	$532.5z	+7.5
Copra (Phil)§	461.0	-9.0
Soyabeans (US)	212.0v	+3.0
Cotton Outlook'A' index	82.30	-0.50
Wooltops (64s Super)	444p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x May. z Apr. v Apr/May. y Apr/Jun.♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week †Prices are for previous week.

JOTTER PAD

CROSSWORD

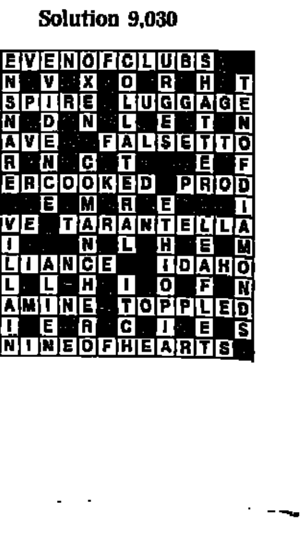
No.9,031 Set by ADAMANT



ACROSS
1 Being soft-hearted the Italian gets into Machiavellian character as a general rule (9)
6 Courageous warrior (5)
9 One working abroad sends back recording including kiss (5)
10 Listens in to genuine practice (9)
11 Obvious it cannot be frozen? (10)
12 Does miss such a party (4)
14 The uproar about gold returns is a wearing down process (7)
15 Very close to being the most mean (7)
17 Took for granted it would be adopted (7)
19 Could the man be in the money from the liquor store? (7)
20 Grieves when doctor goes to pot – several of them! (4)
22 Marriage broker perhaps treating two loves to a massage (10)
25 Keep the harvest in a damaged silo (9)
26 Disturbed loner might sign on (5)
27 Work hard to bring the first two trout back to the river (5)
28 In the red? Pay the bills and get given new accommodation (9)

DOWN
1 Take pride in fine feathers (5)
2 It's rash to impute changing globe to America (9)
3 Get hold of English ingredient, but miss out the questions (10)
4 Relate to one parent working (7)
5 Line he put between postal district of half the capital (7)
6 Be a right beast! (4)
7 An object of value when fixed (5)
8 Impart knowledge by working in the glen (9)
13 Criminal man, initially found in charge of ten others (10)
14 Suddenly announce end of siege, saying "Jack, you delayed!" (9)
16 Choose an examination of voting (9)
18 One who lives well in the German environment (7)
19 Second pilot officer takes advantage of mates (7)
21 Caring person sure to change after noon (5)
23 Annoyed at being a pound in debt (5)
24 Notice the eruption (4)

Solution 9,030



INTERNATIONAL CAPITAL MARKETS

Interest rate dismay sparks bunds sell-off

By Richard Lapper and Antonia Sharpe in London and Lisa Bransten in New York

German government bonds fell nearly half a point yesterday on disappointment that the Bundesbank left official interest rates unchanged after its regular council meeting, even though no-one had seriously expected such a move.

Germany, however, still outperformed the US Treasury market.

By the London close, 10-year US Treasuries, which have been trading at a yield discount to German bunds for most of the past 18 months, were trading at a *yield premium* of 4 basis points.

■ The Bundesbank announcement on rates led to a sharp sell-off in the London futures market, with heavy selling at Liffe by both locals and some proprietary traders. Dealers also reported sales by institutional investors.

Bunds had opened about a third of a point lower after losses in the Treasuries market overnight on Wednesday. In relatively heavy trading volume – 156,929 contracts were exchanged – the June 10-year bund contract fell through technical resistance levels of 96.10, before hitting its low for the day of 95.75. The market later recovered as selling pressure abated and the Treasury market recovered its early losses, settling at 96.07, down 0.44 on the day.

The June euromark contract closed at 96.75, down 0.02 on the day. In the cash market, the short end recovered some early losses and the yield curve closed the day modestly flatter.

"I was very surprised by the degree of anticipation for a cut in the market," said Mr Alex Cooper, Liffe floor manager at Crédit Lyonnais Rouse. "A speculative element in London was anticipating a cut on the premise that Buba has a history of surprising the market." He said the market was "still very nervous with a potential for further sell-off".

Mr Mark Fox, head of fixed income research at Lehman Brothers, was also surprised by the performance of bunds, reporting heavy selling, particularly of short-dated paper. "Speculative froth has come out of the front end of the market," he added.

Ms Phyllis Reed, European bond strategist at BZW, said selling pressure from overseas was likely to result in bunds continuing to underperform other European bond markets, in particular France which is not so widely held internationally. Yesterday, the spread between bunds and French government bonds narrowed to 15 basis points from 20 points the day before.

■ The French government bond market faces a range of economic data today, the most important being the February unemployment figure which ABN Amro expects to be up at 11.9 per cent. Analysts are doubtful the spread over Germany can narrow much further, so some are recommending that it is time to sell. Although interest rates are likely to come down further in France, there are fears the market could also suffer from a backlash against additional measures to tackle the budget deficit.

On the Matif, the June French notional government bond future eased 0.26 point to 121.52. June Pibor settled at 96.75, down 0.02.

GOVERNMENT BONDS

■ UK government bonds (gilts) had another dispiriting day with the spread over Germany creeping out further to 188 basis points from 186 basis points the day before. "The market is not looking well at all because of politics and BSE," said Mr Don Smith, UK economist at HSBC Markets.

He said the only thing that could turn the market, since the good fundamentals were being ignored, was a strong recovery in support for the ruling Conservative Party. However, yesterday the market found little cheer in a Mori poll which suggested an increase in support for the Tories.

On Liffe, the June long gilt future fell ⅝ point to 104$\frac{7}{32}$ in modest volume of 53,304 contracts.

■ High-yielding markets experienced mixed fortunes. Spanish and Swedish 10-year bonds marginally outperformed Germany, with 10-year yield spreads falling from 324 to 322 basis points and 204 to 201 basis points, respectively. With the problems of Banco di Napoli overhanging the market, Italy underperformed, with the 10-year yield spread over Germany widening from 442 to 444 basis points. At Liffe, the June 10-year BTP future settled at 108.05, down 0.27.

The yield curves of both Spain and Italy steepened, with spread between two and 10-year bonds widening by 3 basis points in both countries. A number of analysts expect this trend to continue. Mr Arian Owens, economist at Julius Baer Investments, expects the prospects for interest rate cuts and lower inflation in Italy to lead to a substantial steepening of the curve, forecasting a spread between rates on three-month money and 10-year bonds of 250 basis points by the end of the year.

Mr Craig Shute, fixed income analyst at Bear Stearns, expects the yield curve between two and 10-year Spanish paper to steepen to 150 basis points within the next two or three months. "This is predicated on the view that the Bank of Spain will embark on an aggressive easing in monetary policy pretty soon."

■ US Treasury prices were weaker in early afternoon trading despite signs of a weakening employment market. Trading was volatile, with the benchmark 30-year Treasury falling by as much as ½ a point early, only to recover later in the morning and then resume its fall by early afternoon.

Just after midday, the long bond was $\frac{13}{16}$ lower at 90$\frac{15}{32}$ to yield 6.711 per cent. At the short end of the maturity spectrum, the two-year note was off ⅛ at 98¾, yielding 5.873 per cent. The 10-year note was the weakest of the benchmark issues, amid talk in the market that a Middle Eastern account was selling those securities. The note was nearly half a point lower at midday, at 94¾ to yield 6.392 per cent.

Yesterday's report on first-time claims for unemployment benefits came in at 429,000 last week, up from 386,000 the previous week. Economists had expected last week's figure to be closer to 415,000.

The market shrugged off signs that employment growth may be slowing from its surprisingly strong pace in February because most economists believe the picture is clouded by the General Motors strike that ended late last week.

Another factor weighing on the market is uncertainty over the auction of two and five-year notes. Those auctions were to have been held this week, but they were delayed because Congress has not yet lifted US borrowing limits that would allow the Treasury to hold the sales.

Argentine offer provides focus in subdued trading

By Samer Iskandar

Primary activity in the international bond markets remained subdued yesterday as investors and borrowers stayed on the sidelines. Factors ranging from quarter-end technicalities to the absence of monetary easing by the Bundesbank weighed on the market.

However, the bund market performed relatively well, which allowed Deutsche Morgan Grenfell to issue a new tranche of DM500m of bonds for the Republic of Argentina, fungible with a deal launched last week. The new bonds were offered at exactly the same price as the first tranche, which gave a spread of more than 485 basis points over bunds, a more generous level than that of the initial tranche, at 475 basis points.

Meanwhile, spreads on Argentine bonds in US dollars have tightened by almost a full percentage point since last week. Deutsche MG believes part of this tightening can be attributed to the success of last week's transaction, which "showed that Argentina is able to borrow with a 10-year maturity".

However, some market observers remain cautious, pointing out that Argentina had been very active in the primary market in the last few weeks. With two D-Mark issues and one dollar deal launched in less than a month, investors "might start worrying about oversupply" of Argentine paper, said one syndicate manager.

INTERNATIONAL BONDS

■ Moody's, the international credit rating agency, yesterday assigned an investment-grade rating to Mauritius, citing the island's strong economic performance since reforms were implemented in the early 1980s, *writes Antonia Sharpe*.

Moody's Baa2 sovereign ceiling for bonds denominated in foreign currencies applies to the country's $150m issue of floating-rate notes (FRNs) which mature in 2000.

The news came as no surprise to the market: before the launch last September of the FRNs, the country's debut eurobond offering, Mauritian government officials had told investors they expected to obtain a credit rating between triple-B and single-A in the coming months. However, confirmation of the rating means the next time Mauritius taps the international bond markets, it will achieve finer terms than those on the FRNs, which pay a coupon of three-month Libor plus 90 basis points.

■ The Thai branch of the Hongkong and Shanghai Banking Corporation plans to launch another baht-denominated bond on the domestic market in the third quarter of this year, HSBC executives said, *writes Ted Bardacke in Bangkok*. The bond would be the second issue by a foreign borrower on Thailand's domestic bond market, following a Bt3bn deal by HSBC in November.

The amount is likely to be Bt5bn, said Mr John Terwilliger, manager of treasury and capital markets in Thailand.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
United Communications India)§	200	2.75	100.00	Apr 2006	2.50	-	UBS
Kredietbank Intl Finance	200	6.125	99.86R	Apr 1999	0.1875R	+14(5%-99)	Salomon Brothers Intl
Telstra Corp(b)	150	6.50	96.978R	Nov 2005	0.35R	+49(5¾%-05)	JP Morgan Securities
D-MARKS							
Republic of Argentina(c)	250	11.25	99.47R	Apr 2006	1.375R	-	Deutsche Morgan Grenfell
SWISS FRANCS							
Kto Corp(d,s)*§	65	0.375#	100.00	Sep 2000	1.625	-	Nomura Bank (Switz)
GUILDERS							
DSL Bank	*125*	*(e)*	*100.315R*	*May 2002*	*0.275R*	*+7(i)*	*Kredietbank Intl Group*
AUSTRALIAN DOLLARS							
EBRD*	250	7.00#	98.40	Apr 1998	0.20	-	Yamaichi Intl(Europe)
New Sth Wales Treasury Corp*	100	4.50#	91.195	Apr 1999	1.375	-	Nomura International
PESETAS							
DSL Bank	10bn	8.30	100.98	Apr 1998	1.25	-	BBV/Deutsche MG
DANISH KRONER							
Deutsche Finance Neths	400	(f)	101.825	May 2003	1.875	-	Deutsche Morgan Grenfell

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. §Convertible. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Conversion price: baht 388. FX: 25.24 baht/$. Puttable on 4/4/01 at 126.3312%. Callable from 4/4/98 subject to 135% hurdle. b) Fungible with $250m. Plus 139 days accrued. Sole lead manager. c) DM500m launched 20/3/96 was increased to DM750m. d) Fixing: 2/4/96. Callable on 31/3/99 at 105%, 30/9/99 at 103.25% and on 31/3/00 at 101.5%. Puttable on 31/3/99 at 105%. Callable from 31/3/97 subject to 150% hurdle. Conversion parity revision clause effective 12/5/97 & 11/5/98. e) 5% to 7/5/99 and 7% thereafter. f) 6% to 7/5/99, then 7.5% to 7/5/01 and 8.5% thereafter. i) Over interpolated yield. s) Short 1st coupon.

ED&F Man refinances with single $1.16bn loan

By Antonia Sharpe

ED&F Man, the international commodities trading and financial services group, has made "significant" savings by refinancing its existing bank debt with a single $1.16bn five-year syndicated loan.

Ms Molly Harvey, the company's group treasurer, said yesterday that, along with many other UK companies, Man had taken advantage of the erosion in interest margins in the syndicated loans market over the past year to achieve finer terms and to extend the maturity of its debt.

Man will pay an annual interest margin of 12½ basis points over London interbank offered rate (Libor) for the first three years, rising to 15 basis points for the final two years. There is also an annual facility fee of 12½ basis points, bringing the fully-drawn annual cost to between 25 and 27½ basis points.

Ms Harvey declined to elaborate on how much Man was saving, but she noted that in early 1994 many companies were having to pay interest margins which were double the levels available today. She added that by lengthening the maturity profile of its debt, Man had strengthened its overall financial position.

The new facility, which was arranged by ABN Amro, Chemical, NationsBank, Rabobank and Société Générale, is essentially a rollover of ED&F Man's existing bilateral and syndicated loans, most of which was short-dated.

However, the strong interest in the loan prompted Man to raise a small portion of fresh debt. The original size of the facility, which was signed on March 19, was $800m, but was increased to the final amount because of the level of over-subscription in general syndication. The facility was syndicated to 25 banks.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	106.5800	-1.100	8.99	8.94	8.34
Austria		6.125	02/06	97.0100	-0.470	6.54	6.57	6.61
Belgium		7.000	05/06	101.2300	-0.350	6.82	6.83	6.89
Canada *		8.750	12/05	107.1100	-1.060	7.69	7.67	7.38
Denmark		8.000	03/06	103.0200	-0.440	7.56	7.61	7.62
France	BTAN	5.750	03/01	99.8750	-0.130	5.78	5.94	5.83
	OAT	7.250	04/06	104.5900	-0.130	6.61	6.73	6.78
Germany Bund		6.000	02/06	96.7000	-0.450	6.46	6.48	6.39
Ireland		8.000	08/06	99.3500	-0.400	8.08	7.98	7.87
Italy		9.500	02/06	93.1600	-0.440	10.63†	10.39	10.74
Japan	No 129	6.400	03/00	118.7620	-0.050	1.86	1.85	2.00
	No 182	3.000	09/05	98.6190	-	3.19	3.21	3.08
Netherlands		6.000	01/06	96.5600	-0.380	6.48	6.52	6.43
Portugal		11.875	02/05	113.8100	-0.210	9.50	9.85	9.49
Spain		10.150	01/06	102.6300	-0.300	9.69	9.84	9.95
Sweden		6.000	02/05	85.0110	-0.160	8.47	8.86	8.99
UK Gilts		8.000	12/00	101-22	-8/32	7.56	7.38	7.17
		7.500	12/06	94-29	-19/32	8.22	8.06	7.88
		9.000	10/08	105-01	-24/32	8.34	8.18	8.03
US Treasury *		5.625	02/06	94-14	-32/32	6.39	6.28	5.89
		6.000	02/26	91-00	-41/32	6.70	6.62	6.31
ECU (French Govt)		7.500	04/05	102.3500	-0.310	7.14	7.25	7.24

London closing *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.30	Two year	5.67
Prime rate	8¼	Two month	5.27	Three year	5.98
Broker loan rate	7	Three month	5.18	Five year	6.17
Fed funds	5⅛	Six month	5.23	10-year	6.39
Fed funds at intervention	-	One year	5.45	30-year	6.71

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	121.52	121.52	-0.26	121.64	121.28	7,083	136,583
Sep	120.30	120.30	-0.26	120.30	120.30	2	4,025
Dec	119.12	119.10	-0.28	119.12	119.04	111	623

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
119	-	-	-	-	0.04	0.40
120	1.52	-	1.46	-	0.14	0.65
121	0.52	1.09	0.68	-	0.29	0.92
122	-	0.50	0.50	0.48	0.58	1.41
123	-	0.21	0.27	-	1.02	-

Est. vol. total, Calls 13,178 Puts 12,544. Previous day's open int., Calls 155,[illegible] Puts 181,140

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.18	96.07	-0.44	96.20	95.75	175198	214775
Sep	95.38	95.21	-0.43	95.40	94.99	410	4657

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS May	Jun	Jul	Sep	PUTS May	Jun	Jul	Sep
9600	0.69	1.01	0.80	1.07	0.62	0.94	1.59	1.86
9650	0.44	0.75	0.63	0.87	0.87	1.18	1.92	2.16
9700	0.26	0.54	0.48	0.68	1.19	1.47	2.27	2.47

Est. vol. total, Calls 18928 Puts 23321. Previous day's open int., Calls 217097 Puts 163347

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	108.06	108.05	-0.27	108.15	107.45	47981	49119
Sep		107.51	-0.27			0	258

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	Sep	PUTS Jun	Sep
10800	1.68	2.40	1.63	2.89
10850	1.43	2.18	1.88	3.17
10900	1.20	1.97	2.15	3.46

Est. vol. total, Calls 1728 Puts 2034. Previous day's open int., Calls 56744 Puts 72933

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	95.46	95.54	-0.27	95.65	95.10	61,574	40,677

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	104-17	104-08	-0-19	104-18	103-26	58767	112012
Sep		103-05	-0-19			0	175

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS May	Jun	Jul	Sep	PUTS May	Jun	Jul	Sep
104	1-05	1-33	1-13	1-45	0-53	1-17	2-03	2-35
105	0-38	1-01	0-54	1-20	1-22	1-49	2-44	3-10
106	0-19	0-41	0-36	0-63	2-03	2-25	3-26	3-53

Est. vol. total, Calls 5486 Puts 2771. Previous day's open int., Calls 34194 Puts 37868

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	89.48	89.40	-0.28	89.68	89.28	4,366	7,836
Sep	89.00	89.00	-	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	111-09	111-01	-0-09	111-13	110-12	287,887	343,753
Sep	110-26	110-18	-0-08	110-27	109-30	761	16,952
Dec	110-04	110-00	-0-10	110-09	109-16	241	3,481

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	118.91			118.91	118.80	696	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 28	Day's change %	Wed Mar 27	Accrued interest	xd adj. ytd		Low coupon yield Mar 28	Mar 27	Yr. ago	Medium coupon yield Mar 28	Mar 27	Yr. ago	High coupon yield Mar 28	Mar 27	Yr. ago
1 Up to 5 years (24)	121.02	-0.19	121.25	1.96	2.43	5 yrs	7.67	7.57	8.33	7.71	7.60	8.39	7.80	7.70	8.51
2 5-15 years (19)	144.46	-0.59	145.31	3.16	1.82	15 yrs	8.38	8.28	8.36	8.40	8.31	8.44	8.49	8.42	8.65
3 Over 15 years (9)	156.79	-0.69	157.89	2.09	3.48	20 yrs	8.44	8.34	8.34	8.45	8.36	8.44	8.52	8.47	8.60
4 Irredeemables (6)	180.50	-1.16	182.62	3.30	1.47	Irred.†	8.45	8.35	8.36						
5 All stocks (58)	139.87	-0.46	140.52	2.54	2.36										

Index-linked							Inflation 5% Mar 28	Mar 27	Yr. ago	Inflation 10% Mar 28	Mar 27	Yr. ago
6 Up to 5 years (1)	197.25	+0.05	197.14	3.74	0.00	Up to 5 yrs	2.98	3.00	3.50	1.63	1.64	2.08
7 Over 5 years (11)	184.58	-0.04	184.64	1.29	0.84	Over 5 yrs	3.78	3.78	3.86	3.58	3.57	3.66
8 All stocks (13)	184.74	-0.03	184.80	1.35	0.82							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 28	Mar 27	Mar 26	Mar 25	Mar 22	Yr ago	High*	Low*
Govt. Secs. (UK)	91.84	92.38	92.31	92.30	92.15	91.98	96.34	90.22
Fixed Interest	110.60	110.90	110.76	110.86	110.86	110.48	115.23	108.77

* for 1995/96. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Mar 27	Mar 26	Mar 25	Mar 22	Mar 21
Gilt Edged bargains	113.3	94.3	105.5	84.9	95.7
5-day average	98.7	95.8	97.5	96.2	97.4

UK GILTS PRICES

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]

MARKETS REPORT

Dollar sags as Bundesbank leaves rates on hold

By Philip Gawith

The dollar yesterday lost some of the glitter evident on Wednesday after the Bundesbank council's decision to leave German interest rates unchanged prompted some dollar selling.

The Bundesbank's decision was not unexpected, but there had been some speculative positioning ahead of the meeting, some of which was unwound. The discount and Lombard rate were left at three per cent and five per cent respectively, with the repo rate fixed at 3.30 per cent for a further three weeks.

After reaching intra-day highs in Europe of DM1.4870 and Y106.70, the dollar slipped to close in London at DM1.4781 and Y106.425.

The main move of the day came in the Antipodes, where market disappointment at statements from Mr Don Brash, governor of the New Zealand central bank, prompted a rush from the New Zealand to the Australian dollar, driving the latter to a five year high.

The Australian dollar finished at 78.27 US cents, from 77.74 US cents. The New Zealand dollar closed at 67.77 US cents, from 68.35 cents.

The South African rand held up well to the news that Mr Chris Liebenberg, the finance minister, was resigning. It closed at R4.004 against the dollar, from R3.9828.

The pound slipped to DM2.2515 against the D-Mark, from DM2.2586, but was firmer against the dollar, at $1.5233, from $1.5184.

■ The New Zealand dollar's woes had its roots in Mr Brash's statement that he had not intended monetary conditions to tighten after the bank's six monthly projections last week. The statement had been interpreted as very hawkish, prompting interest rates and the currency to rise.

Mr Jim O'Neill, chief currency economist at Goldman Sachs in New York, said Mr Brash was in a difficult position pursuing a monetary policy oriented to the currency's trade-weighted index (TWI). "He encouraged a lot of speculative types to view it as a one-way bet, and it has moved too far, too fast."

He said this put exporters under pressure and it was their complaints which probably lay behind Mr Brash's comments.

One legacy of the strong currency is a current account deficit running at over four per cent of GDP, and forecast to slip further to around five per cent in 1998. What makes the currency difficult to judge is that this has to be set alongside an exemplary fiscal outlook, with the country running a healthy surplus.

Mr O'Neill predicted that the Kiwi dollar was now likely to underperform against the Aussie dollar. He said that if it was assumed that the Reserve Bank did not want the TWI to go above 65.5, that the dollar would rally against the yen, and the Aussie dollar continue to rally, it was mathematically virtually impossible for the Kiwi dollar to rally against the US dollar (given the composition of the TWI).

■ Although the Aussie dollar's rally was mainly down to Mr Brash, there has also been evidence of independent buying, with investors wanting to get exposure to commodity-sensitive currencies. Arguably it was this fact which underpinned the rand when the finance minister's resignation, coupled with marches on the street, might normally have been expected to prompt a sharp sell-off.

Ingredients of the strong commodities/growth story include the gold price again breaking through $400, the CRB index hitting a new high, and the Goldman Sachs commodity indicator reaching an eight year peak last week.

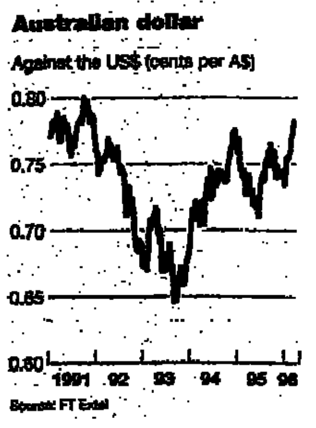
Another beneficiary has been the Canadian dollar, whose strength has given the central bank the latitude to push interest rates below those in the US.

Some observers believe the Aussie dollar is an excellent guide to market inflation psychology. On this view, the dollar's recent rally is entirely consistent with the rise in US bond yields to 6.75 per cent from 5.75 per cent in January.

■ After endless chatter about the importance of the Japanese fiscal year end for global currency and asset markets, the moment of truth draws near.

"Over the next three months there is no hiding for anyone. We have all spent so long speculating. Now we are going to find out," said Mr O'Neill. "If the yen is not weaker by the end of April, there will be some worried faces."

Australian dollar
Against the US$ (cents per A$)



Source: FT Extel

■ Pound in New York

Mar 27	—Latest—	— Prev. close —
£ spot	1.5240	1.5190
1 mth	1.5233	1.5182
3 mth	1.5219	1.5167
1 yr	1.5146	1.5090

■ OTHER CURRENCIES

Mar 28	£	$
Czech Rp	41.4351 - 41.4953	27.2080 - 27.2180
Hungary	218.369 - 218.145	143.380 - 143.440
Iran	4570.80 - 4568.70	3000.00 - 3000.00
Kuwait	0.4555 - 0.4562	0.2991 - 0.2993
Poland	3.8890 - 3.9454	2.5565 - 2.5595
Russia	7357.59 - 7395.55	4831.00 - 4854.00
U.A.E.	5.5933 - 5.5971	3.6725 - 3.6736

POUND SPOT FORWARD AGAINST THE POUND

Mar 28		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8330	-0.0498	255 - 404	15.8858	15.8235	15.803	2.3	15.7205	2.9	-	-	105.9
Belgium	(BFr)	46.2763	-0.1397	352 - 174	46.4220	46.2370	46.1713	2.7	45.9613	2.7	45.0413	2.7	108.1
Denmark	(DKr)	8.6932	-0.0241	869 - 975	8.7218	8.6844	8.6815	1.6	8.6586	1.7	8.5502	1.6	108.9
Finland	(FM)	7.0890	+0.0011	808 - 753	7.0850	7.0570	7.0836	0.7	7.0555	0.7	-	-	[illegible]
France	(FFr)	7.6683	-0.019	630 - 696	7.7089	7.6785	7.6734	2.0	7.6506	1.9	7.5506	1.6	109.9
Germany	(DM)	2.2515	-0.0071	505 - 525	2.2602	2.2491	2.2464	2.7	2.2363	2.7	2.1895	2.8	110.2
Greece	(Dr)	367.134	-0.785	943 - 325	368.594	366.274	-	-	-	-	-	-	68.5
Ireland	(I£)	0.9703	-0.0006	694 - 711	0.9710	0.9688	0.9698	0.6	0.9681	0.9	0.9631	0.7	97.5
Italy	(L)	2394.87	-5.16	372 - 601	2403.18	2392.44	2403.12	-4.1	2418.22	-3.9	2470.92	-3.2	73.5
Luxembourg	(LFr)	46.2763	-0.1397	352 - 174	46.4220	46.2370	46.1713	2.7	45.9613	2.7	45.0413	2.7	108.1
Netherlands	(Fl)	2.5195	-0.0075	184 - 208	2.5279	2.5172	2.5138	2.8	2.5013	2.9	2.4495	2.8	108.3
Norway	(NKr)	9.7855	-0.033	775 - 934	9.8160	9.7797	9.7765	1.1	9.7574	1.1	9.6617	1.3	98.8
Portugal	(Es)	232.753	-0.39	623 - 882	234.117	232.492	233.178	-2.2	234.083	-2.3	-	-	95.5
Spain	(Pta)	189.477	-0.286	388 - 566	190.201	189.305	189.912	-2.8	190.732	-2.6	193.577	-2.2	81.9
Sweden	(SKr)	10.1377	+0.0224	287 - 467	10.1654	10.0695	10.1389	-0.1	10.1406	-0.1	10.1428	-0.1	86.8
Switzerland	(SFr)	1.8177	-0.0047	157 - 198	1.8246	1.8164	1.8113	4.2	1.7986	4.2	1.7416	4.2	114.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	83.3
Ecu	-	1.2130	-0.0031	124 - 136	1.2167	1.2119	1.2117	1.3	1.2087	1.4	1.1954	1.5	-
SDR†	-	1.043700	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5227	+0.0044	223 - 231	1.5244	1.5173	-	-	-	-	-	-	-
Brazil	(R$)	1.5044	+0.0043	039 - 049	1.5065	1.4981	-	-	-	-	-	-	-
Canada	(C$)	2.0785	+0.0071	757 - 774	2.0803	2.0692	2.0759	0.4	2.0722	0.6	2.0642	0.6	84.3
Mexico	(New Peso)	11.5006	+0.0492	903 - 108	11.5184	11.4510	-	-	-	-	-	-	-
USA	($)	1.5233	+0.0049	229 - 236	1.5246	1.5173	1.5226	0.6	1.5211	0.6	1.5136	0.6	95.8
Pacific/Middle East/Africa													
Australia	(A$)	1.9463	-0.0068	452 - 473	1.9517	1.9400	1.9486	-1.6	1.9539	-1.6	1.9791	-1.7	91.7
Hong Kong	(HK$)	11.7778	+0.0376	743 - 812	11.7879	11.7325	11.7697	0.8	11.7581	0.7	11.7383	0.3	-
India	(Rs)	51.8667	-0.2128	263 - 071	52.1810	51.8440	-	-	-	-	-	-	-
Israel	(Shk)	4.7764	+0.0220	722 - 806	4.7894	4.7446	-	-	-	-	-	-	-
Japan	(Y)	162.112	+0.042	021 - 203	162.310	161.890	161.387	5.4	158.897	5.5	153.482	5.3	138.5
Malaysia	(M$)	3.8665	+0.0046	648 - 681	3.8678	3.8555	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2477	+0.0261	450 - 490	2.2450	2.2151	2.2527	-2.7	2.2622	-2.6	2.296	-2.1	105.9
Philippines	(Peso)	39.8635	+0.1055	781 - 488	39.8640	39.8226	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7130	+0.0184	115 - 144	5.7179	5.6908	-	-	-	-	-	-	-
Singapore	(S$)	2.1482	+0.0055	449 - 474	2.1488	2.1402	-	-	-	-	-	-	-
South Africa	(R)	6.0995	+0.0523	969 - 020	6.0996	6.0548	-	-	-	-	-	-	-
South Korea	(Won)	1192.17	+4.44	182 - 252	1193.15	1187.59	-	-	-	-	-	-	-
Taiwan	(T$)	41.6048	+0.1571	914 - 181	41.5377	41.3484	-	-	-	-	-	-	-
Thailand	(Bt)	38.4393	+0.1161	152 - 633	38.4680	38.3170	-	-	-	-	-	-	-

† Rates for Mar 27. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The FT will not be published on Friday, April 5th. Exchange rates for April 5th will appear in Saturday April 6th edition. Exchange rates for Thursday April 4th will not be published but are available on Cityline 0891 437001

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 28		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.3942	-0.0664	917 - 967	10.4560	10.3890	10.3769	2.0	10.3407	2.1	10.1792	2.1	105.7
Belgium	(BFr)	30.3800	-0.19	600 - 000	30.5630	30.3550	30.327	2.1	30.2205	2.1	29.74	2.1	107.6
Denmark	(DKr)	5.7070	-0.0343	055 - 085	5.7415	5.7018	5.702	1.1	5.692	1.1	5.7145	-0.1	107.9
Finland	(FM)	4.6401	-0.0142	363 - 438	4.6532	4.6320	4.6336	1.7	4.6215	1.6	4.5761	1.4	82.2
France	(FFr)	5.0460	-0.0288	450 - 470	5.0759	5.0410	5.04	1.4	5.0301	1.3	4.968	1.1	109.3
Germany	(DM)	1.4781	-0.0094	776 - 784	1.4870	1.4767	1.4754	2.2	1.4703	2.1	1.4441	2.3	109.3
Greece	(Dr)	241.020	-1.295	980 - 060	243.640	239.750	242.605	-8.3	246.045	-8.3	260.02	-7.9	66.0
Ireland	(I£)	1.5700	+0.0061	690 - 710	1.5710	1.5655	1.5705	-0.3	1.5708	-0.2	1.5602	0.6	-
Italy	(L)	1572.21	-8.47	182 - 260	1581.50	1570.15	1578.25	-4.6	1589.81	-4.5	1630.71	-3.7	72.8
Luxembourg	(LFr)	30.3800	-0.19	600 - 000	30.5530	30.3550	30.327	2.1	30.2205	2.1	29.74	2.1	107.6
Netherlands	(Fl)	1.6541	-0.0102	337 - 544	1.6638	1.6526	1.651	2.2	1.6447	2.3	1.6176	2.2	107.6
Norway	(NKr)	6.4241	-0.0425	203 - 278	6.4618	6.4193	6.4211	0.6	6.4158	0.5	6.3791	0.7	97.6
Portugal	(Es)	152.800	-0.75	750 - 850	153.830	152.700	153.115	-2.5	153.705	-2.4	155.65	-2.0	95.5
Spain	(Pta)	124.390	-0.59	360 - 420	125.050	124.300	124.73	-3.3	125.4	-3.2	127.77	-2.7	81.5
Sweden	(SKr)	6.6553	-0.0055	509 - 597	6.6995	6.6225	6.6654	-2.0	6.6838	-1.7	6.7255	-1.1	86.6
Switzerland	(SFr)	1.1933	-0.007	929 - 936	1.2018	1.1927	1.1897	3.7	1.1825	3.6	1.1505	3.6	114.0
UK	(£)	1.5233	+0.0049	229 - 236	1.5246	1.5173	1.5226	0.6	1.5211	0.6	1.5135	0.6	82.9
Ecu	-	1.2558	+0.0072	554 - 561	1.2568	1.2485	1.2566	-0.7	1.2582	-0.8	1.2671	-0.9	-
SDR†	-	0.68590	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9997	-0.0003	996 - 997	0.9997	0.9996	-	-	-	-	-	-	-
Brazil	(R$)	0.9876	-0.0004	875 - 877	0.9881	0.9876	-	-	-	-	-	-	-
Canada	(C$)	1.3633	+0.0003	630 - 635	1.3656	1.3625	1.3631	0.1	1.3634	0.0	1.3662	-0.2	83.6
Mexico	(New Peso)	7.5500	+0.008	450 - 550	7.5600	7.5500	7.5522	-0.4	7.5554	-0.3	7.5603	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.9
Pacific/Middle East/Africa													
Australia	(A$)	1.2776	-0.0087	773 - 781	1.2801	1.2775	1.2796	-1.9	1.2831	-1.7	1.3018	-1.9	92.5
Hong Kong	(HK$)	7.7320	-0.0003	315 - 325	7.7324	7.7320	7.7327	-0.1	7.7345	-0.1	7.7615	-0.4	-
India	(Rs)	34.0500	-0.25	000 - 000	34.3050	34.1100	34.2	-5.3	34.505	-5.3	35.975	-5.7	-
Israel	(Shk)	3.1357	+0.005	336 - 377	3.1425	3.1238	-	-	-	-	-	-	-
Japan	(Y)	106.425	-0.315	390 - 460	106.740	106.380	105.98	5.0	105.08	5.1	101.34	4.8	137.0
Malaysia	(M$)	2.5383	-0.0052	376 - 388	2.5444	2.5372	2.5382	-0.4	2.5453	-1.1	2.5688	-1.2	-
New Zealand	(NZ$)	1.4755	-0.0125	745 - 767	1.4599	1.4751	1.4787	-2.5	1.4845	-2.4	1.5091	-2.3	-
Philippines	(Peso)	26.1700	-0.015	200 - 200	26.2200	26.1200	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	504 - 506	3.7506	3.7504	3.751	-0.1	3.7517	-0.1	3.755	-0.1	-
Singapore	(S$)	1.4088	-0.001	084 - 094	1.4105	1.4088	1.4054	3.0	1.3994	2.7	1.3739	2.5	-
South Africa	(R)	4.0043	+0.0215	035 - 050	4.0075	3.9835	4.033	-8.6	4.0846	-8.0	4.3078	-7.6	-
South Korea	(Won)	782.850	+0.4	600 - 700	782.900	782.400	785.65	-4.6	789.15	-3.3	807.65	-3.2	-
Taiwan	(T$)	27.2475	+0.0155	450 - 500	27.2480	27.2330	27.2675	-0.9	27.3075	-0.9	-	-	-
Thailand	(Bt)	25.2350	-0.005	250 - 450	25.2610	25.2450	25.3337	-4.7	25.5375	-4.8	26.42	-4.7	-

† SDR rate per $ for Mar 27. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 27: Base average 1990=100. The FT will not be published on Friday, April 5th. Exchange rates for April 5th will appear in Saturday April 6th edition. Exchange rates for Thursday April 4th will not be published but are available on Cityline 0891 437001

WORLD INTEREST RATES

MONEY RATES

March 28	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.98
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.86
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	-	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	-	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	-	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	-	-	0.50	-
■ $ LIBOR FT London Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]			
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]			
US Dollar CDs	-	5.10	5.12	5.20	5.44			
week ago	-	5.10	5.11	5.20	5.41			
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]			
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]			
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]			
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]			

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.

Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 28	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.61	95.58	-0.03	95.63	95.54	32,183	56,092
Sep	95.59	95.55	-0.04	95.59	95.50	9,827	47,273
Dec	95.44	95.40	-0.05	95.44	95.35	4,521	24,542

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.76	96.75	-0.02	96.79	96.71	36995	231706
Sep	96.66	96.64	-0.02	96.68	96.59	42208	224582
Dec	96.36	96.35	-0.05	96.40	96.28	49193	178507
Mar	96.04	96.01	-0.06	96.06	95.93	27361	114544

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	90.36	90.35	-0.08	90.39	90.30	12702	41892
Sep	90.76	90.75	-0.08	90.80	90.73	4575	20743
Dec	90.83	90.84	-0.09	90.89	90.82	1576	16086
Mar	90.79	90.80	-0.08	90.84	90.79	406	7548

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.27	98.26	-0.01	98.28	98.21	3771	27573
Sep	98.12	98.11	-0.03	98.15	98.07	1372	13198
Dec	97.85	97.81	-0.04	97.85	97.77	1695	9732
Mar	97.53	97.47	-0.06	97.53	97.45	1213	2514

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.43	95.41	-0.03	95.43	95.38	2235	8924
Sep	95.40	95.39	-0.03	95.42	95.35	389	3605
Dec	95.23	95.18	-0.05	95.23	95.17	229	2967
Mar	94.90	94.86	-0.05	94.91	94.84	68	1719

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9025	0.39	0.81	0.98	0.29	0.31	0.39
9050	0.27	0.64	0.81	0.42	0.39	0.47
9075	0.16	0.50	0.66	0.56	0.50	0.57

Est. vol. total, Calls 1460 Puts 61. Previous day's open int., Calls 18452 Puts 10139

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 28		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.78	16.61	4.866	2.096	5175	5.445	21.15	503.0	409.5	21.91	3.928	2.161	4.488	3.291	350.3	2.621
Denmark	(DKr)	53.24	10	8.842	2.591	1.116	2755	2.899	11.26	267.8	218.0	11.66	2.091	1.150	2.389	1.752	186.5	1.395
France	(FFr)	60.21	11.31	10	2.930	1.262	3116	3.279	12.73	302.9	246.6	13.19	2.365	1.301	2.702	1.982	210.9	1.578
Germany	(DM)	20.55	3.860	3.413	1	0.431	1063	1.119	4.345	103.4	84.15	4.503	0.807	0.444	0.922	0.676	71.98	0.539
Ireland	(I£)	47.71	8.962	7.924	2.322	1	2469	2.598	10.09	240.0	195.4	10.45	1.874	1.031	2.141	1.570	167.1	1.251
Italy	(L)	1.932	0.363	0.321	0.094	0.041	100.	0.105	0.409	9.720	7.912	0.423	0.076	0.042	0.087	0.064	6.769	0.051
Netherlands	(Fl)	18.37	3.450	3.050	0.894	0.385	950.4	1	3.883	92.38	75.20	4.024	0.721	0.397	0.824	0.604	64.33	0.481
Norway	(NKr)	47.29	8.883	7.854	2.301	0.991	2447	2.575	10	237.9	193.6	10.36	1.858	1.022	2.122	1.556	165.6	1.240
Portugal	(Es)	19.88	3.734	3.302	0.967	0.417	1029	1.082	4.204	100.	81.40	4.356	0.781	0.430	0.892	0.654	69.63	0.521
Spain	(Pta)	24.42	4.587	4.056	1.188	0.512	1264	1.330	5.164	122.8	100.	5.351	0.959	0.528	1.096	0.804	85.54	0.640
Sweden	(SKr)	45.64	8.573	7.580	2.221	0.957	2362	2.485	9.651	229.6	186.9	10	1.793	0.986	2.048	1.502	159.9	1.196
Switzerland	(SFr)	25.48	4.782	4.228	1.239	0.534	1317	1.386	5.383	128.1	104.2	5.578	1	0.550	1.142	0.838	89.16	0.667
UK	(£)	46.28	8.693	7.686	2.252	0.970	2395	2.520	9.786	232.8	189.5	10.14	1.818	1	2.077	1.523	162.1	1.213
Canada	(C$)	22.28	4.185	3.701	1.084	0.467	1153	1.213	4.712	112.1	91.24	4.882	0.875	0.481	1	0.733	78.05	0.584
US	($)	30.39	5.708	5.047	1.479	0.637	1573	1.655	6.425	152.9	124.4	6.658	1.194	0.657	1.364	1	106.4	0.796
Japan	(Y)	28.55	5.363	4.742	1.389	0.598	1477	1.555	6.037	143.6	116.9	6.255	1.122	0.617	1.281	0.940	100.	0.748
Ecu		38.15	7.167	6.336	1.857	0.800	1974	2.077	8.068	191.9	156.2	8.359	1.499	0.824	1.712	1.256	133.6	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
WJun	0.6766	0.6794	+0.0030	0.6802	0.6755	20,821	55,621
Sep	0.6831	0.6830	+0.0029	0.6836	0.6830	11	2,099
Dec	-	0.6870	+0.0032	0.6870	-	2	191

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9489	0.9493	+0.0004	0.9500	0.9470	11,296	64,654
Sep	0.9609	0.9610	+0.0005	0.9614	0.9609	321	1,643
Dec	-	0.9719	-	-	-	211	1,352

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8419	0.8445	+0.0028	0.8453	0.8398	11,643	28,636
Sep	0.8516	0.8519	+0.0027	0.8528	0.8516	11	588
Dec	—	0.8587	+0.0020	0.8587	-	2	504

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5174	1.5210	+0.0034	1.5222	1.5160	18,314	47,982
Sep	1.5184	1.5196	+0.0030	1.5280	1.5184	8	38
Dec	-	1.5160	+0.0032	1.5160	-	3	32

UK INTEREST RATES

LONDON MONEY RATES

Mar 28	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 3/4 - 5 7/8	6 1/8 - 5 7/8	6 1/8 - 5 15/16	6 1/8 - 6	6 1/4 - 6 1/16	6 7/16 - 6 5/16
Sterling CDs	-	-	6 - 5 15/16	6 1/32 - 5 31/32	6 1/32 - 5 31/32	6 1/4 - 6 1/8
Treasury Bills	-	-	5 15/16 - 5 7/8	5 27/32 - 5 25/32	-	-
Bank Bills	-	-	5 15/16 - 5 7/8	5 7/8 - 5 13/16	5 7/8 - 5 13/16	-
Local authority deps.	5 7/8 - 5 1/4	5 15/16 - 5 13/16	6 - 5 7/8	6 1/16 - 5 15/16	6 1/16 - 5 15/16	6 1/8 - 6
Discount Market deps	5 7/8 - 5	5 15/16 - 5 13/16	-	-	-	-

UK clearing bank base lending rate 6 per cent from March 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc. Ave. tender rate of discount on Mar 22, 5.7758pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 29, 1996. Agreed rate for period Mar 26, 1996 to Apr 25, 1996, Schemes II & III 7.48pc. Reference rate for period Feb 1, 1996 to Feb 29, 1996, Schemes IV & V 6.238pc. Finance House Base Rate 6.5pc from March 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.91	93.90	-0.02	93.92	93.89	11794	80801
Sep	93.68	93.68	-0.04	93.73	93.65	15729	58807
Dec	93.33	93.29	-0.06	93.35	93.26	15121	52701
Mar	92.90	92.86	-0.08	92.93	92.82	6884	35361
Jun	92.57	92.50	-0.10	92.58	92.45	2415	31798

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9375	0.22	0.23	0.24	0.07	0.30	0.70
9400	0.08	0.12	0.16	0.18	0.44	0.87
9425	0.02	0.06	0.10	0.37	0.63	1.06

Est. vol. total, Calls 1503 Puts 4596. Previous day's open int., Calls 112016 Puts 104057

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.25	●Singer & Friedlander	6.00
AIB Bank	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs.	6.00
●Henry Ansbacher	6.00	●Robert Fleming & Co	6.00	TSB	6.00
Bank of Baroda	6.00	Girobank	6.00	United Bank of Kuwait	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	Unity Trust Bank Plc	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	Western Trust	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Whiteaway Laidlaw	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Yorkshire Bank	6.00
Bank of Scotland	6.00	●Hill Samuel	6.00		
Barclays Bank	6.00	C. Hoare & Co	6.00	● Members of London Investment Banking Association	
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00	* In administration	
●Brown Shipley & Co Ltd	6.00	Julian Hodge Bank	6.00		
Citibank NA	6.00	●Leopold Joseph & Sons	6.00		
Clydesdale Bank	6.00	Lloyds Bank	6.00		
The Co-operative Bank	6.00	Meghraj Bank Ltd	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Credit Lyonnais	6.00	* Mount Credit Corp	6.25		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

EMS EUROPEAN CURRENCY UNIT RATES

Mar 28	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	159.304	+0.133	-1.96	4.98	14
Netherlands	2.15214	2.11858	-0.00098	-1.56	4.55	12
Belgium	39.3960	38.9097	-0.0163	-1.23	4.21	9
Austria	13.4383	13.3161	-0.0045	-0.91	3.87	7
Germany	1.91007	1.89342	-0.00078	-0.87	3.83	9
Portugal	195.792	195.699	+0.046	-0.05	2.97	0
Denmark	7.28580	7.31098	-0.00322	0.35	2.57	-2
France	6.40608	6.46391	-0.00196	0.90	2.00	-8
Ireland	0.792214	0.815382	+0.001172	2.92	0.00	-20
NON ERM MEMBERS						
Greece	292.867	308.689	-0.004	5.40	-2.35	-
Italy	2106.15	2018.23	+0.77	-4.27	7.51	-
UK	0.786652	0.840331	+0.001715	6.82	-3.65	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.500	2.10	2.51	3.04	0.23	0.62	1.28
1.510	1.35	1.87	2.51	0.39	0.97	1.68
1.520	0.76	1.35	1.98	0.79	1.43	2.16
1.530	0.37	0.90	1.54	1.40	2.01	2.67
1.540	0.14	0.58	1.18	2.16	2.63	3.29
1.550	0.02	0.35	0.88	2.99	3.39	3.98

Previous day's vol., Calls 17,164 Puts 17,411 : Prev. day's open int., Calls 154,908 Puts 169,026

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.58	94.58	-0.03	94.59	94.53	65,688	430,096
Sep	94.41	94.38	-0.05	94.41	94.33	98,751	339,849
Dec	94.21	94.16	-0.05	94.22	94.10	118,209	316,991

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.05	95.03	-0.04	95.05	95.02	444	9,251
Sep	94.86	94.83	-0.04	94.87	94.80	84	3,221
Dec	94.71	94.67	-0.05	94.71	94.64	1	176

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9675	0.05	0.08	0.10	0.14	0.05	0.08	0.10	0.25
9700	0.01	0.02	0.03	0.06	0.26	0.27	0.28	0.42
9725	-	-	0.01	0.02	0.50	0.50	0.51	0.63

Est. vol. total, Calls 17462 Puts 3839. Previous day's open int., Calls 331565 Puts 287913

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9825	0.13	0.15	0.14	0.12	0.29	0.58
9850	0.05	0.07	0.07	0.29	0.46	0.76
9875	0.01	0.03	0.03	0.50	0.67	0.97

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5085 Puts 3048

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 28.03.96: Pool purchase price £/MWh	Final Prices for Trading on 01.03.96: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.49	9.20	9.20
0100	12.53	9.88	9.69
0130	20.26	9.20	10.30
0200	20.26	9.20	10.30
0230	14.64	9.70	9.70
0300	14.64	9.20	10.30
0330	14.64	9.70	9.70
0400	12.58	9.69	9.86
0430	11.48	9.08	9.08
0500	11.48	9.08	9.08
0530	11.56	9.18	9.18
0600	11.49	10.34	10.34
0630	11.49	9.70	9.70
0700	12.70	11.38	12.46
0730	21.19	12.97	14.09
0800	21.40	13.14	14.28
0830	24.65	13.86	14.87
0900	29.88	16.59	18.03
0930	33.87	17.40	18.03
1000	34.01	17.76	19.46
1030	33.84	17.39	19.00
1100	33.80	15.69	17.17
1130	33.54	14.52	15.94
1200	33.36	14.39	15.79
1230	33.08	14.15	15.48
1300	26.55	13.83	15.08
1330	24.31	12.80	12.80
1400	21.28	12.65	12.65
1430	21.26	12.53	12.53
1500	21.22	12.51	12.51
1530	21.16	11.36	11.36
1600	12.19	9.69	9.69
1630	12.20	10.36	10.36
1700	15.48	9.74	9.74
1730	21.35	12.69	12.69
1800	21.80	14.12	14.12
1830	22.07	18.89	20.61
1900	38.42	20.30	22.25
1930	41.93	19.09	20.80
2000	37.83	17.14	18.40
2030	21.81	16.59	17.70
2100	21.49	13.00	14.10
2130	21.31	12.89	13.99
2200	12.18	12.79	13.89
2230	11.48	9.68	9.68
2300	9.19	9.16	9.16
2330	9.18	9.02	9.02
2400	9.16	10.34	10.34

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] ©Energy Settlements and Information Services Limited

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq	[illegible]	491	-1	566	478½	5,086	6.0	17.8
Bulmer (HP)	[illegible]	609	+6	609	401	321.8	2.5	19.1
Burn St Dist	[illegible]	115	[illegible]	146	98	85.2	5.5	24.5
Grand Met	[illegible]	425xd	-2	457	374	8,889	4.4	18.3
Guinness	[illegible]	488½	+3	536	435	9,023	4.1	16.6
Highland	[illegible]	342	[illegible]	408	315	485.5	2.9	15.5
Kirin Y	[illegible]	786½	-9½	806	621	8,277	0.8	30.4
Macallan-Glen	[illegible]	151	-9	217	151	177.3	1.1	33.5
Marston Martin A	[illegible]	633	[illegible]	680	600	85.7	2.2	17.8
Matthew Clark	[illegible]	727½xd	-8½	737	554	642.4	3.8	-
Merrydown	[illegible]	103	[illegible]	140	68	11.2	2.4	-
Seagram S		222½	[illegible]	£25½	£16¼	6,004	1.3	-

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf	[illegible]	50¼xd	—	50¼	50¼	8.21	19.8	-
Cater Allen	[illegible]	448	—	525	424	146.0	8.4	7.4
Close Bros	[illegible]	371xd	—	392	251½	453.0	3.0	16.5
Gerrard & Nat	[illegible]	404	—	472	399	197.5	7.0	13.0
Hambros	[illegible]	235	—	239	180	415.7	4.0	-
7½pc Cv Pf		107xd	—	108	94½	137.5	8.8	-
King & Shaxson	[illegible]	152	—	165	85	40.1	7.4	11.8
Leopold J	[illegible]	450	—	463	353	23.9	5.2	15.5
Rea Brothers	[illegible]	59	—	67	44	28.5	2.1	[illegible]
Schroders	[illegible]	1200xd	—	1478	1015½	1,812	1.7	16.8
NV	[illegible]	[illegible]	-5	1189	890	385.1	2.2	12.8
Singer & Fried	[illegible]	109½	—	113	81	198.5	5.1	7.9

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

LEISURE & HOTELS - Cont.

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Boosey & Hawkes		645	+2	645	335	128.4	1.2	35.4
Brent Walker		1½	—	3¼	1¼	9.82	—	—
Burndene		32	—	46	31	33.6	7.5	12.8
Capital Corp		214	—	230	127	214.0	4.9	♦
CentreGold		36	+1	63	36½	18.3	5.3	—
Chrysalis		6¼	—	8¼	5¼	15.3	—	11.6
Euro Disney FFr		184	+1	250	139	1,497	—	♦
Eurocamp		207	—	286	201	70.0	6.6	9.3
European Leis		162	—	183	93	21.6	—	4.5
Ferrograph		14	—	20½	3½	3.47	—	—
First Call		10	—	*12	10	8.17	—	—
First Choice		88	—	*118½	56	161.8	7.1	—
9½p Cv Pf		117	—	182	114	27.4	10.4	—
First Leisure		379	—	388	274	620.6	2.6	22.0
Forte		348	—	408	217	3,302	3.1	24.0
Friendly Hotels		148	—	163	133	29.8	4.8	17.3
Games Workshop		329	+1	349	141	102.2	2.2	27.7
Granada		723	—	742	550	6,167	2.0	17.5
7½p Cv Pf		246½	—	267½	188½	432.4	3.8	—
Gus Carter		60	—	96	40	10.8	1.8	♦
Hanover Intl		138	—	138	100	1.45	—	—
Hi-Tec Sports		28	—	38	18	14.2	5.7	—
Hornby		182	+1	198	105	16.9	3.3	10.5
Hovertock		496	-1	613	263	118.7	4.2	18.8
Inspirations		123	+8	136	88	38.0	3.6	8.3
Jurys Hotel I£		228¼	+¼	243	151	67.2	3.5	14.8
Kunick		26½	-¼	28	18	61.8	2.6	22.3
8½p Cv Pf		96	—	98	85	38.1	10.5	—
Ladbroke		192½	+3½	197	177	2,244	3.9	31.2
London Clubs		328	+8	328	281	373.6	3.3	18.9
Mas Intl		285	+3	287	132	179.3	2.1	9.2
Mandarin Oriental $		84	-1	97¼	58	580.2	4.3	17.9
Millwall		3	—	3¼	1¼	10.3	—	—
Northern		110	—	110	73	53.9	4.0	12.2
Pizza Leis		123	—	141	76	10.5	5.1	8.6
Queensborough		31	—	38	29	20.3	—	—
Queens Moat		22	—	22	5¼	85.0	—	♦
Rank Org		489	+4	518½	382	4,073	3.5	13.8
8½p Cnv Prf		156½	+1	158	133½	358.6	8.8	—

[illegible]

OTHER FINANCIAL - Cont.

[illegible]

PROPERTY - Cont.

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

AIM - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29¾	—	£34½	£29½	1,985	3.0	♦
Barlow	‡	£8¾	-¼	£10¼	£5⅝	1,847	1.7	♦
Energy Africa		170¾	-½	174	169¼	156.8	—	—
Gold Fids Prop R		143	-16	170	136	14.8	6.9	6.9
Mk Props		80	—	86	85	3.82	11.6	—
SASOL	♥	831	-5	848	475	3,696	2.0	—
SA Brews		£20¾	-1⅛	£28⅛	£16⅝	6,111	1.8	30.1
Standard Bank	□	£29½	-½	£32¾	£20½	3,537	1.5	22.0
Tiger Oats		1062	-38	1270	850	1,597	1.7	♦
Tongaat-Hulett	†	956	-11	1247	872	805.9	1.9	19.6

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

LEISURE & HOTELS

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings'formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. k Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v P/e ratios are calculated under new ACT guidelines. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1996. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. R Forecast annualise yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion.

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For readers phoning from outside UK, please dial +44 in place of the first 0.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Pembroke Hall, Pembroke, Bermuda

[illegible]

Prices for dealing March 28

Jupiter Tyndall (Bermuda) Ltd

PO Box HM1256, Hamilton, Bermuda 001 809 292 2780

[illegible]

Newport Investment Management

[illegible]

BERMUDA (REGULATED)(**)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

[illegible]

Latest Fund Prices 24hr service 01481 718043

Sarasin Funds Mngmt (Guernsey) Ltd

PO Box 348, St Peter Port, Guernsey 01481 723021

[illegible]

Schroder Investment Mngmt (Guernsey) Ltd

PO Box 255, St Peter Port, Guernsey 01481 710651

[illegible]

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

[illegible]

Apollo Investment Management Ltd

[illegible]

Arab Bank Fund Managers (Guernsey) Ltd

[illegible]

BZW Asset Management Guernsey Ltd

[illegible]

Bachmann Global Investment Fund Ltd

[illegible]

CIBC Fund Managers (Guernsey) Ltd

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

LGT Asset Management Ltd

(44) 171 710 4567 London

[illegible]

IRELAND (REGULATED)(**)

[illegible]

Daiwa Europe Fund Mgrs Ireland Ltd - Contd.

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

Mercury Fund Managers IoM Ltd

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

INVESCO International Limited - Contd.

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

EquiFund-Wright National Eqty Fd (a) (x)

[illegible]

S-E-Banken Luxembourg SA

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

هكذا من الأصل

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	Selling Price	Buying Price	+ or -	Yield Gross
Credit Investment Funds - Contd.				
Credit Commercial de France				
Daiwa Japan Gem Fund				
Daiwa Japan Gem	$10.07	10.17	+0.01	-
Daiwa Japan Small Equity Fd (u)				
Daiwa Japan Small Eq	$12.41			-
Dicam Worldwide Investment Fund				
NAV	$29.27			-
The Dragon Fund Sicav				
Emerging Markets Recovery Fund SICAV				
Pictet Group				
Asia Growth	$102.04			-
RBS Global Funds				
River & Mercantile Latin American SICAV				
Latin American NAV	$9.61		-0.04	-
Rosenberg Global Mngt Co SA (u)				
Rosenberg Management SA (u)				
Rosenberg US Japan Mngmt Co SA (u)				
B.d.S. Edmond de Rothschild (Luxembourg)				
SCI/TECH SA				
SCI/Tech NAV	$22.17			-
Scudder, Stevens & Clark				

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

LONDON STOCK EXCHANGE

MARKET REPORT

Dealers on bid alert as speculation builds up

By Steve Thompson, UK Stock Market Editor

A sudden resurgence of rumours of a FT-SE 100 bid transformed the UK stock market yesterday afternoon, turning a 20-point plus deficit shortly before the close into a small net gain in the premier index.

The speculation was focused primarily on BT and Cable and Wireless, which saw their share prices surge ahead in exceptionally heavy trading, but also encompassed other recent takeover favourites. These included Ladbroke, where the shares have risen strongly in recent months amid constant speculation that a bid from Bass, Scottish & Newcastle or Hilton Hotels International was imminent.

And there was also a burst of late buying interest in the financial areas of the market. Legal & General was said to have attracted the attentions of an overseas predator and was also said to be about to merge with General Accident, the composite insurance group. Earlier in the day, Refuge Assurance rose sharply amid talk that a number of US arbitrageurs had chased the shares ahead of a takeover bid.

The banks were not left out of the late bid rumours, with Standard Chartered, long viewed as a potential target for HSBC, recovering almost all of an earlier decline.

At the close of trading, the FT-SE 100 index was left showing a 0.2 gain at 3,672.6; marketmakers said the index would have been showing a 10 to 15-point gain if trading had continued for another 10 minutes. The rises in BT and Cable and Wireless accounted for just short of 10 Footsie points.

The FT-SE Mid 250, meanwhile, was never under any sort of downside pressure, and was propelled to yet another new record, up 3.7 at 4,309.4, on the back of a spate of good trading results.

Of these, RJB Mining was the Mid 250 index's most spectacular success, the stock surging 7 per cent in the wake of excellent profits and a proposed £100m share buyback.

The late surge in the market was in sharp contrast to earlier events, which saw share prices retreat in the wake of a sharp overnight decline in US Treasury bonds and the Dow Jones Industrial Average, with both markets hit by a rethink on the day's durable goods figures.

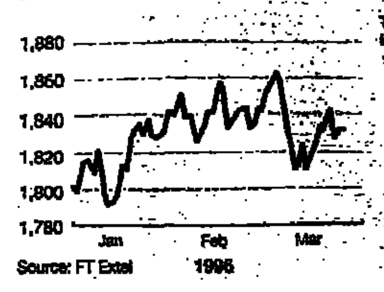
Down over 50 points at one stage on Wednesday, the Dow ended some 43 points off and bonds fell more than a point. Gilts took their cue from bonds and also from German bunds. The latter eased in the wake of the Bundesbank's decision not to alter its interest rate structure.

Opening almost 15 points off, the Footsie gradually fell away to reach a session low of 3,650.0, down 22.4, as Wall Street began the day badly. The Dow was off around 25 points during London trading, before rallying and retreating sharply after European trading ended.

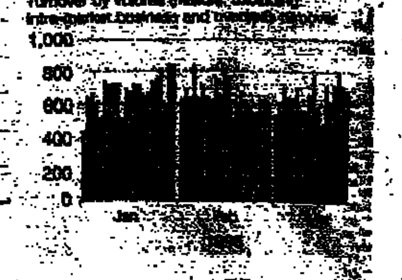
Dealers said it was purely the takeover stories that had enabled London to close in the black. "Without the bid noises and with gilts, bonds, bunds and the Street all lower, London would have been 25 to 30 points down," said one senior trader.

Turnover in equities topped the 1bn-share mark, reaching 1,003.7m shares at 6pm. Unusually, activity in FT-SE 100 stocks accounted for 52 per cent of the total.

FT-SE-A All-Share index



Equity shares traded



Indices and ratios

FT-SE 100	3672.6	+0.2
FT-SE Mid 250	4309.4	+3.7
FT-SE-A 350	1851.8	+0.5
FT-SE-A All-Share	1831.96	+0.45
FT-SE-A All-Share yield	3.84	3.84
FT Ordinary index	2743.9	[illegible]
FT-SE-A Non Fins p/e	18.31	[illegible]
FT-SE 100 Fut Jun	3682.0	[illegible]
10 yr Gilt yield	8.21	[illegible]
Long gilt/equity yld ratio:	2.22	[illegible]

Best performing sectors

1 Telecommunications +3.3
2 Utilities +1.4
3 Extractive Industries +1.1
4 Media +0.8
5 Leisure & Hotels +0.5

Worst performing sectors

1 Gas Distribution
2 Pharmaceuticals
3 Tobacco
4 Oil Integrated
5 Insurance

Takeover talk lifts C&W

The Cable and Wireless takeover rumours resurfaced with a vengeance late yesterday. The shares shot from being 14 higher to being 37 ahead in the space of 10 minutes around 4pm, before easing back at the finish to 511½p, up 34 in 10m traded.

After the market closed, C&W admitted that it was "holding some exploratory talks" with BT.

It was a gain of more than 7 per cent and a two-year peak for the stock, which has been subject to periodic bouts of speculative activity since the announcement earlier this month that talks had been held with telecoms giant BT.

There were no obvious new twists to the story, and most analysts were at a loss to explain yesterday's activity. But the rumours were persistent. Fuelled by heavy stock options trading, there was confident talk of a deal first thing this morning, although C&W said there was no "immediate expectation" of a further statement.

More cautious traders pointed to equal share price strength at BT, which gained 14½ to 348½p in turnover of 23m. They said that some marketmakers had been short of stock. There were also suggestions that one well-spring for the rumours was a dinner hosted last night by Henderson Crosthwaite for C&W and 15 institutions.

Mobile phones newcomer Orange reacted to Wednesday's sparkling stock market debut with a slide of 7 to 230½p, after another sizeable two-way pull in the shares had hoisted turnover to 22m. Vodafone shed 7 in sympathy to 237½p.

United gains

The stock market view that job cuts are good for share prices was harshly rammed home yesterday.

United Utilities announced that it was reducing its staff by 1,700 and the shares built on Wednesday's advance, adding 14 at 611p.

Hyder, formed through the merger of Welsh Water and South Wales Electricity, rose 18 to 752p on expectations that it would enjoy the same merger benefits as United.

Calor, the bottled gas group, firmed 4 to 275p after revealing that it is to close its head office in Slough and saying it sees redundancies.

And Pilkington, the world's biggest glass maker, which had fallen on Wednesday on news of a redundancy-related write-down of profits, rebounded 9½ to 208p yesterday on consideration of the finer points of the news.

All the stocks were driven forward by the belief that no jam today leads to even more jam tomorrow. At its meeting with analysts yesterday, United pointed out that the cuts would cost £104m in the current year. But it said the merger between North West Water and Norweb – which led to its creation – would provide for dividend growth of more than 11 per cent and lead to benefits of £140m a year by the end of the decade.

Refuge, the life insurance group, jumped 24 to 510p as volume swelled to more than three times its average daily size in response to what one dealer described as speculative buying.

Normally, shares are bought on the basis that settlement will be made within five days. Apparently, the buyers of Refuge were taking on stock on the understanding that they would not have to settle for 10 days.

Analysts were surprised, however, as the big news in the wings is a statement on Refuge's orphan estate and the company has signalled that it will say nothing before the agm at the end of May.

Banks were easier as fund managers considered a strongly negative note on the sector from UBS, which believes it is overvalued by around 15 per cent. The broker argues that the industry will be hit internally by falling margins, increasing bad debts and over-rapid volume growth. And it will come under external pressure from falling bonds and interest rate rises.

The main casualty was National Westminster, which ended the day 11 down at 629p.

UBS also lowered its forecasts for Royal Bank of Scotland to reflect the pressure of motor insurance competition and the cold weather on the bank's Direct Line Insurance arm. It cut its current year profits estimate by around £25m to £635m. The shares slipped 3 to 498p.

Recent signs of softness at British Steel prompted James Capel to change its stance from buy to hold. The shares, which have outpaced the market by 16 per cent over the past three months, came off 3 to 190p.

Brokers upgraded at Blue Circle Industries but took a side swipe at Redland forecasts following a day of mixed fortunes for the building materials sector.

The Blue Circle results came in more or less in line with City expectations but the trading statement was upbeat and most brokers tweaked this year's forecasts higher. BZW moved up by £15m to £310m.

In contrast, BZW cut back savagely at Redland, reducing estimates for this year by £45m to £315m. Trading in Germany is flat and the broker felt that uncertainty was likely to dog the shares until the restructuring picture became clearer.

Blue Circle added 12 at 335p, while Redland shed 8 to 384p.

A buy note from NatWest Securities kept the pace hot at contract distribution group Tibbett & Britten.

The broker claims T&B has the problems at its Axial UK motor distribution division under control, and sets a target price of 610p for the shares, which jumped 43 to 548p.

Rail franchise awards boosted National Express. The shares gained 16 at 502p.

Full-year figures from food producer Booker pleased the market, helping the shares advance 13 to 395p. Several brokers moved to upgrade current year profits expectations. The list included Strauss Turnbull, which raised its forecast by £2m to £109m.

Retailers were braced for another round in the sector price war as word went round the market that Tesco is about to launch a new customer service initiative. The stock was heavily traded and volume rose to 13m as the shares relinquished 3 to 265p.

Reports of a sharp profits downgrade for J. Sainsbury from Merrill Lynch were the other talking point in the sector yesterday. The food retailer eased 3 to 367p.

The market was fairly muted in its response to an announcement by Grand Metropolitan that IDV, GrandMet's drinks business, was forming a joint venture to produce, market, distribute and sell IDV brands in China. While the market is nervous of immediate returns from investments in China, the $27m investment by GrandMet was seen as relatively small. The shares fell 2 to 425p.

ILP, an Irish packaging group, made a comfortable market debut. The shares, which had been offered at 75p each, began trading at 90p and ended the day at 88p.

MARKET REPORTERS: Peter John, Joel Kibazo, Jeffrey Brown, Lisa Wood.

FINANCIAL TIMES EQUITY INDICES

	Mar 28	Mar 27	Mar 26	Mar 25	Mar 22	Yr ago	*High	*Low
Ordinary Share	2743.9	2744.9	2738.9	2755.8	2769.1	2433.6	2807.9	2238.3
Ord. div. yield	3.85	3.95	3.86	3.93	3.92	4.35	4.73	3.76
P/E ratio net	16.29	16.28	16.24	16.34	16.41	16.84	21.33	15.35
P/E ratio nil	15.97	15.96	15.92	16.03	16.09	16.66	22.21	15.17

Ordinary Share index since compilation: high 2807.9 05/03/96; low 49.4 26/06/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2736.9	2740.1	2743.0	2742.3	2741.2	2739.6	2734.9	2732.3	2737.0	2743.9	2731.3

	Mar 28	Mar 27	Mar 26	Mar 25	Mar 22	Yr ago
SEAQ bargains	45,406	42,771	45,131	42,884	40,827	40,088
Equity turnover (£m)†	-	2565.7	1891.8	1586.6	2164.4	2185.6
Equity bargains†	-	50,407	52,887	50,556	47,132	58,212
Shares traded (mil)†	-	856.9	689.0	710.3	788.7	923.0

†Excluding intra-market business and overseas turnover.

	Mar 28	Mar 27	Mar 26	Mar 25	Mar 22	Yr ago	*High	*Low
FT-SE AIM	990.60	994.50	996.00	997.20	998.80	-	1084.82	985.68

*For 1995/96.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	523	Total Highs	137	Total contracts	34,347
Total Falls	706	Total Lows	20	Calls	22,219
Same	1563			Puts	12,128

Mar.28 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3655.0	3682.0	+7.0	3692.0	3645.0	12468	[illegible]
Sep	-	3698.0	+7.0	-	-	0	[illegible]

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4313.0	4313.0	+3.0	4313.0	4313.0	79	[illegible]

FT-SE 100 INDEX OPTION (LIFFE) (*3669) £10 per full index point

[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

FT GOLD MINES INDEX

	Mar 27	% chg on day	Mar 26	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	2405.53	+0.8	2386.36	1823.72	1.37	-	2520.73	1722.93
Regional Indices								
Africa (16)	3230.92	-0.7	3252.15	2514.58	2.58	35.41	3553.86	2272.74
Australasia (6)	2722.14	+2.5	2656.76	2122.03	2.34	29.23	2867.34	1988.82
North America (12)	2124.43	+0.4	2115.76	1584.23	0.64	67.07	2188.39	1488.94

FT-SE Actuaries Share Indices — The UK Series

[illegible]

FT-SE Actuaries All-Share

[illegible]

Hourly movements

[illegible]

FT-SE Actuaries 350 Industry baskets

[illegible]

TRADING VOLUME

Major Stocks Yesterday

[illegible]

WORLD STOCK MARKETS

EUROPE

PACIFIC

AFRICA

NORTH AMERICA

US INDICES

Dow Jones	Mar 27	Mar 26	Mar 25	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Industrials	5628.88	5670.60	5643.96	5683.60 (18/3/96)	3832.08 (30/1/95)	5683.60 (18/3/96)	41.22 (2/7/32)
Home Bonds	103.49	103.50	103.54	106.09 (14/2/96)	93.63 (3/1/95)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2137.49	2162.22	2170.62	2215.21 (19/3/96)	1473.19 (3/1/95)	2215.21 (19/3/96)	12.32 (8/7/32)
Utilities	216.74	215.62	215.48	234.08 (12/2/96)	183.03 (3/1/95)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 5703.47 (5701.30) Low 5596.63 (5595.81) (Theoretical‡)
Day's high 5690.71 (5678.18) Low 5609.18 (5623.53) (Actual‡)

Standard and Poors	Mar 27	Mar 26	Mar 25	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Composite‡	648.91	652.97	650.04	661.45 (12/2/96)	459.11 (3/1/95)	661.45 (12/2/96)	4.40 (1/6/32)
Industrials¥	765.97	770.91	767.06	778.23 (22/2/96)	548.29 (3/1/95)	778.23 (22/2/96)	3.62 (21/6/32)
Financial	66.71	67.10	66.92	68.58 (5/3/96)	41.64 (3/1/95)	68.58 (5/3/96)	8.64 (1/10/74)
NYSE Comp.	348.06	350.03	348.77	351.78 (12/2/96)	250.73 (3/1/95)	351.78 (12/2/96)	4.46 (25/4/42)
Amex Mkt Val	568.58	588.71	587.78	570.31 (7/3/96)	433.12 (6/1/95)	570.31 (7/3/96)	29.31 (9/12/72)
NASDAQ Cmp	1093.88	1088.35	1087.09	1117.79 (23/2/96)	743.58 (3/1/95)	1117.79 (23/2/96)	54.87 (31/10/72)

■ RATIOS

	Mar 22	Mar 15	Mar 8	Year ago
Dow Jones Ind. Div. Yield	2.13	2.15	2.18	2.65
	Mar 27	Mar 20	Mar 13	Year ago
S & P Ind. Div. yield	1.87	1.87	1.85	2.27
S & P Ind. P/E ratio	21.21	21.26	21.01	18.05

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
EMC	10,318,500	21¼	+1⅜
Host Marriott	6,120,400	13½	+⅜
Bay Network	6,093,300	30	+1⅝
K-Mart	4,899,400	9	+⅛
Philips E	4,123,700	35⅜	-½
AT & T	4,049,700	61⅛	-⅛
Ph Morris	3,617,900	87⅝	-1¾
IBM	3,613,600	111½	+⅞
Barrick Gold	3,428,300	31¾	+¼
Tel de Mex	3,097,200	32⅝	-¼

■ TRADING ACTIVITY

● Volume (million)	Mar 27	Mar 26	Mar 25
New York SE	405.956	400.067	336.698
Amex	22.04	21.854	19.430
NASDAQ	510.523	562.045	492.325
NYSE			
Issues Traded	3,102	3,107	3,101
Rises	1,045	1,233	1,125
Falls	1,280	1,088	1,167
Unchanged	777	786	809
New Highs	125	96	119
New Lows	25	27	16

■ S&P 500

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	651.40	652.35	+1.05	653.50	648.35	56,005	181,020
Sep	655.50	657.90	+1.15	658.60	655.50	269	4,567

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	21350.0	21300.0	-60.0	21510.0	21250.0	20,711	255,015
Sep	21530.0	21370.0	+20.0	21530.0	21370.0	31	12,969

Open interest figures for previous day.

● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1995. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, March 28, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Stl Corp	16.7m	363		Mitsui E & S Bld	10.1m	318	-1
Nippon Hsg Loan	15.2m	6	-1	Kobe Steel	7.8m	331	+2
NKK Corp	14.2m	306	+2	Shinko Electric	6.2m	950	-34
TEC Corp	14.2m	664	-1	Kawasaki Hvy Ind	6.0m	550	-2
Mitsubishi Hvy	11.1m	920	-12	Press Kogyo	5.5m	503	+13

4 pm close March 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
22⅛	12⅛	AAR	0.48	2.3	22	1050	20⅝	20¼	20½	
46¼	36	AMP	1.00	2.4	21	3839	41¾	41⅜	41¾	+⅛
93⅜	63⅜	AMR			36	9397	90⅝	88¾	90⅜	+1⅛
50½	36⅜	ASA	2.00	4.3	30	949	47⅝	46⅞	46⅞	-1¼
44¾	30¾	AbbtL	0.96	2.4	19	15127	41⅛	40⅛	40⅝	+⅛
18⅞	12	AbitibiPr	0.40	3.0	6	631	13⅝	13⅜	13⅜	-⅛
32⅝	21	ABM Ind	0.70	2.2	17	45	u32⅝	32⅛	32½	+½
17½	13⅛	Acptocaln			53	60	15	14¾	14⅞	
50⅜	27⅞	ACE Ltd	0.58	1.3	10	2488	44⅞	44½	44⅝	-⅜
9⅞	8⅛	ACM Gvt In	0.90	9.4	8	205	9¾	9⅝	9⅝	
7⅞	6½	ACM GvOpp	0.66	8.9		38	7⅜	7¼	7⅜	
7½	5¾	ACM Gvt Sp	0.75	11.1		374	7	6¾	6¾	-⅛
9⅛	7¼	ACM Gvt Se	0.90	10.4		449	8⅞	8⅝	8⅝	-¼
9½	7⅝	ACM Man	0.90	9.5		277	u9½	9¼	9½	+⅛
31¼	10¼	AcmeClv	0.52	1.7	7	288	31	30¾	30¾	-¼
38¾	6⅛	Acme Elect			55	59	6⅝	6½	6⅝	
34½	23¾	Acordia	0.72	2.3	16	20	31	30⅞	30⅞	-⅛
16¾	10⅛	Acuson			49	552	15⅞	15⅝	15¾	
19⅝	15⅝	Adams Expr	0.36	1.9	0	146	19⅛	19	19	
38⅞	16⅛	AdvMic			6	3911	18⅛	17⅜	17½	-¼
10¼	5	Advest Grp	0.16	1.7	9	125	9⅝	9½	9⅝	
27½	9¼	Advo Inc	0.10	1.1	9	1289	9⅝	d9¼	9⅜	-¼
46¾	34.80	Aegon	1.28	2.8	17	44	46	45⅜	45¾	+1¼
5⅞	3⅛	Aeroth			8	32	4¾	4⅝	4⅝	-⅛
78¾	46¾	AetnaL	2.76	3.6	36	3274	77¼	76	76¾	+⅝
33.17	21.37	Aflac	0.35	1.1	13	1302	31¼	30¾	31	
20⅜	15	AGL Res	1.06	6.0	17	908	18	17½	17⅝	-½
28⅜	16	Ahmnsn	0.88	3.7	7	4595	24½	23⅝	24	+¼
59½	43⅞	AirPrC x	1.04	1.9	16	4053	55	53⅞	54¾	+⅝
29½	18⅜	Airbne Frt	0.30	1.2	24	397	25⅝	25⅜	25⅜	-¼
42½	19⅝	Airgas Inc			34	1330	40¼	39⅝	39⅞	+⅛
18⅞	13⅜	Airlease x	2.00	11.0	12	52	18¼	18⅛	18¼	
35⅝	24	AirTch			115	6879	31⅛	30¼	31⅛	+⅜
27¾	13½	Alaska Air	0.20	0.7	20	1739	28¾	28½	26¾	
26½	17⅛	Albany Int	0.40	2.0	13	173	20⅛	19⅞	19⅞	-⅛

Continued on next page

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NYSE COMPOSITE PRICES

4 pm close March 28

1995/96 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng. Prev. Close
Continued from previous page										
27	11¼	Schwab[illegible]	0.16	0.6	25	1779	25⅛	24½	24⅞	-⅛
28⅞	20⅞	SchwMaud			15	1625	27½	26¾	27⅜	+⅜
24⅝	17¾	Sci[illegible]	0.06	0.3	39	1837	18	17⅝	17⅝	-½
29	15¼	Scotsman x	0.10	0.6	11	100	17¾	17¾	17¾	
43½	29⅞	Scripps	0.52	1.2	26	21	42⅛	42⅛	42⅛	-½
[illegible]										
52½	39¾	Xtra Corp	0.72	1.6	14	26	45½	45⅜	45½	+⅛
25¼	19½	Yankee Egy	1.28	5.7	15	34	22½	22¼	22¼	-⅛
49	34⅛	York Int	0.36	0.7	20	748	48⅜	47⅜	48⅛	+¾
4½	2½	Zapata	0.14	4.3	5	1535	3¼	3⅛	3¼	+¼
12⅛	5⅞	ZnthEl			3	744	6⅝	6⅜	6½	+⅛
24⅞	19⅜	Zenith Nat	1.00	4.2	66	8	23⅞	23¾	23⅞	
7⅛	6⅛	Zenix Inc x	0.72	10.3		86	7	6⅞	7	+⅛
18¼	12⅝	Zero	0.44	2.6	16	329	16¾	16⅜	16⅜	-⅜
26	16⅞	Zurn Ind x	0.40	1.9	16	549	20⅝	20½	20⅝	
11½	10¼	Zweig Fund	1.12	10.0		247	11¼	11⅛	11¼	-⅛
9	7⅞	Zweig Totl	0.84	9.5		459	8⅞	8⅝	8⅞	+¼

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

Dealings suspended

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AMEX COMPOSITE PRICES

4 pm close March 28

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

4 pm close March 28

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMERICA

Stop & Shop leaps 24% on Ahold buy

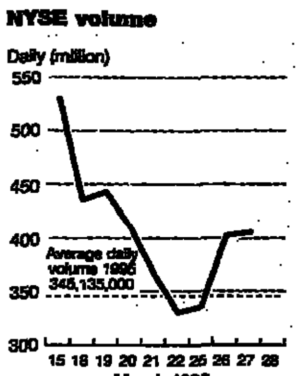
Wall Street

US shares were mostly weaker yesterday on the heels of a falling bond market, but a mixed performance among technology stocks helped the Nasdaq composite to hold near Wednesday's closing level, *writes Lisa Bransten in New York.*

At 1pm, the Dow Jones Industrial Average was off 20.23 at 5,606.65. The Standard & Poor's 500 slipped 1.34 to 647.57 but the American Stock Exchange composite added 1.35 at 567.24. Volume on the New York Stock Exchange came to 206m shares.

Bonds were mostly lower in spite of a larger than expected jump in the number of people filing first time claims for unemployment benefits. Trading was volatile on the Treasury market and stocks followed the ups and downs of the debt market through most of the morning.

NYSE volume



For a third day, the Nasdaq composite, which has about a 40 per cent technology issues content, outperformed other indices, edging up 0.33 to 1,094.21. Computer-related technology stocks were mixed yesterday, while biotechnology issues edged higher.

Both Microsoft and Intel, which are the two largest companies on the Nasdaq, gave back some of their recent gains. In early trading, Microsoft was $⅞ lower at $101⅞ and Intel lost $¼ at $56½. Computer networking companies, however, regained some of the ground surrendered earlier this week. Bay Networks added $1⅞ at $31⅞, 3Com rose $1 to $39⅞ and Cisco Systems was $1⅛ higher at $46⅛.

The American Stock Exchange biotech index was 1.3 per cent stronger. In individual shares, Amgen added $⅛ at $59⅞, Chiron was $⅛ higher at $99, Cephalon climbed $⅞ to $24⅞ and Centocor gained $1⅛ at $35⅛.

Shares in Stop & Shop, the US supermarket company, jumped $6⅞ or 24 per cent to $33 after Royal Ahold, the Dutch retailer, agreed to purchase the company for about $33½ a share. American Depositary Receipts of Royal Ahold slipped $⅞ to $45⅞ in New York trading. At noon, Stop & Shop was the most actively dealt issue on the New York Stock Exchange.

Lewis Galoob Toys moved forward $1 or 6 per cent to $19 after the company said that increased sales and better margins would cause its first-quarter loss to be less than it had initially expected.

Canada

Toronto was pulled lower at midsession by falling bonds and a sinking gold shares sector, and the TSE 300 composite index was 9.96 weaker by noon at 4,977.50 in volume of 43.9m shares.

Analysts noted that interest in the Diamond Fields Resources takeover fight had slackened. Diamond Fields was C$⅞ higher at C$39⅞. Inco, C$¼ ahead at C$43¼, launched a C$4.5bn bid late on Tuesday to rival a C$4.1bn offer from Falconbridge, flat at C$28⅞.

Leading gold companies were depressed by a falling bullion price. Barrick Gold eased C$⅛ to C$42⅞ and Placer Dome lost C$⅛ to C$39⅞.

Brazil loses ground

The equity market in SAO PAULO was weaker by midsession as worries emerged that the national privatisation council, which was meeting yesterday, might delay the privatisation of Light, a Rio de Janeiro power utility.

Light's auction was scheduled for April 18, but there had been complaints that the company's minimum price had been set too high.

The council was expected to announce changes in the concession contract for operating Light in a move that government officials hoped would increase interest in the flotation. Analysts thought that because of these amendments the government might consider delaying the auction to give investors time to digest the changes. The Bovespa index was down 478.24 at 49,918.

MEXICO CITY was marginally firmer by midday, dealers putting the rise down to technical activity. The IPC index was up 15.67 at 3,077.45, having reached a low of 3,042.64.

BUENOS AIRES was digesting Wednesday's 2 per cent fall. At midday the Merval index was off 1.44 at 506.37.

S African issues under pressure

Johannesburg was pressured by rumours that Mr Chris Liebenberg, the finance minister, was about to resign, and investors held back awaiting President Nelson Mandela's confirmation of the story, which came after the market closed.

The overall index was 49.1 lower at 6,721.5, industrials fell 73.9 to 8,239.4 and golds shed 35.7 to 1,821.8.

Speculation about Mr Liebenberg's resignation compounded jitters about trouble during a mass march through the city centre by 7,000 Zulus. In the event, the march wound down peacefully.

Analysts commented that the rand's weakness on Mr Liebenberg's resignation was likely to continue to depress equities, while bullion's inability to break and hold above $400 an ounce would continue to pressure gold shares.

De Beers declined R1 to R127 but Anglos finished 50 cents harder at R254.50.

EUROPE

Accolade from analysts as Alcatel restructures

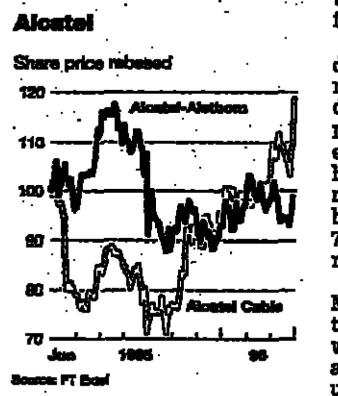
Alcatel-Alsthom was the story in PARIS as the telecommunications and engineering group reported very heavy losses for 1995, announced that it was to merge with its subsidiary Alcatel Cable, said that 12,000 employees were to be made redundant with more to follow, and forecast better times ahead.

The market listened carefully to what Mr Serge Tchuruk, the chairman, had to say about the future, having already discounted the fact that the group was to reveal big losses for last year, and seemed to be satisfied. The shares rose FFr20 or 4.7 per cent to FFr454.80, while those of its subsidiary gathered FFr40.10 or 10 per cent to FFr445, both in heavy volume. Under the terms of the merger, Alcatel Cable shareholders would receive Alcatel Alsthom shares on a one-for-one basis.

The initial reaction from analysts was that Mr Tchuruk had delivered the tough programme which he had been appointed last year to produce. They were satisfied that the restructuring measures should enable the group to return to an even keel by the end of the year, and to profit by 1998.

The CAC-40 index lost 10.54 to 2,019.97, expressing some disappointment with the fact that the Bank of France had felt unable to trim interest rates after the Buundesbank left German rates unchanged.

Alcatel



Source: FT Extel

FRANKFURT reacted badly to expansive talk from Viag, which announced a near DM3bn rights issue to finance growth in its four core areas, energy, chemicals, packaging and logistics. The shares dropped DM20.70 or 3.2 per cent to DM618.

The Dax index, meanwhile, was reacting to lower bonds, an easing in the dollar and the Dow which, in the European afternoon, added to Wednesday's overnight fall. The key index closed 20.87 lower at an Ibis-indicated 2,502.94 after bottoming at 2,492.59; turnover fell from DM10bn to DM9.3bn.

In the circumstances, it was difficult for Deutsche Bank to make much impact with its detailed 1995 results. Mr Hilmar Kopper, Deutsche's chief executive, played the shareholder value card, saying that net hidden reserves lifted the bank's true value to a figure 7.3 per cent above its end-1995 market capitalisation.

At ABN Amro Hoare Govett, Mr Bryan Crossley said that the assets, ultimately, were worth what they would earn, and that the 1995 profits figures were not impressive. The shares fell 97 pfgs to DM75.48.

AMSTERDAM was pleased with ING's 1995 figures, as well as the financial group's higher than expected dividend payment. There was also satisfaction at the news that the company would propose a five-for-two share split, to take place from the start of June, and that it would apply for a listing on the New York Stock Exchange in 1997. The shares rallied 70 cents to Fl 117.70.

The Aex index shed 2.23 to 536.88, with a weak bond market making its influence felt.

A story hailed as good news by analysts, but which was not reflected in the share price, came from Ahold, the supermarket group, which relinquished Fl 1.70 to Fl 75.50.

The company satisfied the professional commentators by announcing that it was to acquire another US supermarket chain, which was said to complement its existing US operations. Ahold owns five chains so far, which accounted for some 50 per cent of its sales last year. However, shareholders were wary of the company's intention to finance the purchase through a new issue of ordinary, convertible preference and cumulative preference shares.

ZURICH responded to lower bonds and weak equity markets in Germany and the US by consolidating some of its recent gains. The SMI index finished 30.7 down at 3,640.3.

Nestlé picked up from a low of SFr1,328 to finish just SFr1 easier at SFr1,342 after the company reported that 1995 profits fell about 10 per cent, a slightly better result than many analysts had expected.

Bearers in SMH, the watchmaker, which had lagged behind the market in recent months, jumped SFr20 to SFr735 on reports that group sales volume was up strongly in the first two months of the year.

The weak bond market pressured financials. Zurich Insurance fell SFr6 to SFr341 and Swiss Re was SFr16 down at SFr1,218.

UBS declined SFr13 to SFr1,323 on expectations that its largest minority shareholder, Mr Martin Ebner, chairman of BK Vision, was unlikely to make conciliatory statements at a news conference today, called to outline the position he would take at the UBS annual meeting on April 16.

MILAN rebounded from early weakness but trade was selective and the Comit index registered a 2.48 rise to 574.69.

Benetton jumped L324 to L17,090 as the company posted a 5 per cent rise in 1995 consolidated profits, but surprised analysts by reporting a larger than expected fall in group debt.

Among financials, Mediobanca, the country's leading investment bank, picked up from a low of L9,615 to finish flat at L9,768 after it announced that pre-tax profits tumbled 54 per cent on a fall in its investment portfolio and its share buying in Ferruzzi.

Allianza lost L271 to L12,307 as it reported higher net profits but a one-for-10 rights issue, and Generali fell L385 to L35,149.

A L30.4 rise to L954.2 in Montedison was attributed to speculative demand, while Ferruzzi added L20.20 at L760.80.

ISTANBUL fell 2.3 per cent as many investors moved out of equities and into alternative investments.

The composite index retreated 1,549.93 to 66,909.38, while turnover rose to TL12,240bn from Wednesday's TL10,980bn.

The index had fallen by 3.5 per cent since Monday's all-time high of 69,379.52.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Mar 28 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1623.54	1622.06	1620.49	1617.90	1617.84	1615.18	1615.50	1615.40
FT-SE Eurotrack 200	1677.32	1675.55	1676.16	1672.43	1670.82	1669.40	1669.73	1669.56

	Mar 27	Mar 26	Mar 25	Mar 22	Mar 21
FT-SE Eurotrack 100	1626.36	1616.17	1622.07	1612.99	1610.28
FT-SE Eurotrack 200	1680.39	1679.20	1679.96	1666.15	1679.05

Base value 1000 (26/10/90) High/day: 100 - 1624.34; 200 - 1677.46 Low/day: 100 - 1612.43 200 - 1665.36. † Partial.

Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Sankyo under selling pressure, Karachi up 4.3% more

Tokyo

Profit-taking offset active buying and the Nikkei average, which rose to its highest level since June 1994 on Wednesday, closed marginally lower, *writes Emiko Terazono in Tokyo.*

The 225 index fell 34.16 to 21,295.82 after moving between 21,199.46 and 21,432.98. Foreign companies continued to chase large-capital steels and shipbuilders, which came under profit-taking pressure by domestic investors.

Volume was estimated at 568m shares, against 650m. The Topix index of all first section stocks closed 1.06 up at 1,620.69, while the Nikkei 300 index lost 0.30 to 303.21. Advances led declines by 634 to 425, with 151 issues unchanged.

In London the ISE/Nikkei 50 index firmed 0.47 to 1,419.33.

While many market participants expected the index to test the 21,553 level hit in June 1994, which had become a strong resistance mark, traders said that profit-taking was likely to remain a strong feature in the short term with the Nikkei index 4 per cent above its 25-day moving average.

Sankyo, a leading drugs maker, encountered selling pressure after it announced that it had postponed sales of its new diabetes drug. The stock finished Y160 down at Y2,400 after hitting a day's low of Y2,360 in the afternoon session.

The company said it would postpone sales of its Noscal drug, initially scheduled for May, until August; testing on mice had revealed that it may have caused a possible increase in tumours. Yamaichi Research Institute, a think tank affiliated to Yamaichi Securities, downgraded its earnings estimates for the next fiscal year.

Steels and shipbuilders were traded actively on buying by foreigners and selling by domestic investors. The stocks ended mixed. Nippon Steel, the most active issue of the day, closed flat at Y363 and NKK lost Y2 to Y306. Hitachi Zosen, the shipbuilder, rose Y10 to Y577 but Mitsubishi Heavy Industries fell Y12 to Y920.

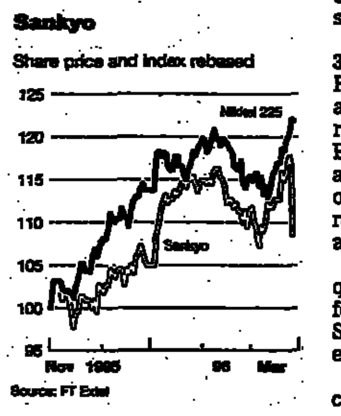
Profit-taking hit car shares. Honda Motor lost Y10 to Y2,320 and Hino Motors Y29 to Y850.

High-technology stocks rebounded after recent neglect, Toshiba rising Y9 to Y799 and Fujitsu Y10 to Y997. NEC, however, dipped Y10 to Y1,210. After the market closed, the company announced that it would raise Y100bn in convertible bonds.

Speculative favourites were traded actively. Toho Rayon jumped Y28 to Y643 and Press Kogyo climbed Y13 to Y503.

In Osaka, the OSE average added 95.05 at 22,408.27 in volume of 240.7m shares.

Sankyo



Source: FT Extel

Roundup

Volume leapt to a record 90m shares as KARACHI soared a further 4.3 per cent, the KSE 100 index closing 65.82 higher at 1,594.43. Attention remained concentrated on PTCL, the telecom utility, and Hub Power, as Wednesday's stories continued to make an impact.

PTCL advanced Rs2.65 to Rs35.10 as the privatisation commission said that the government aimed to sell a 26 per cent stake in the group to a "strategic investor" by the end of June. Hub Power put on Rs2.70 at Rs29.15.

HONG KONG drifted to a modestly lower close, in trade subdued by the day's futures expiry and with blue-chip property results failing to offer any surprises.

The Hang Seng index shed 35.99 to 11,030.58 in turnover of HK$4.1bn. Hang Lung was flat at HK$14.65 on a 10.5 per cent rise in profits, and its Amoy Properties unit gained 10 cents at HK$9.15 on earnings growth of 1.7 per cent. New World receded 80 cents to HK$36.80 after profits rose 6 per cent.

SINGAPORE slipped back in quiet trading, with much of the focus on second liners. The Straits Times Industrial index ended 7.77 off at 2,391.88.

Jurong Shipyard, down 35 cents or 4.1 per cent to S$8.25, was among the day's biggest losers in response to Wednesday's news of lower profits.

KUALA LUMPUR was mixed as blue chips lost further ground on profit-taking after the Bank Negara annual report failed to spur renewed activity. Second liners, however, continued to attract strong demand.

Arab-Malaysian Merchant Bank led the fall in blue chips, retreating M$1 to M$33.50, while among the day's gainers, Repco Holding picked up M$2.75 to M$88.

SEOUL was broadly weaker, although some cheap shares finished limit-high. The composite index eased 0.65 to 856.59 as Kum Young Construction added Won290 at Won5,140 and Kyung Dong Industries rose Won110 to Won1,960.

SYDNEY's activity was dampened by the expiry of options as well as negative comments by the governor of the Reserve Bank about the likelihood of a rise in both inflation and interest rates.

The All Ordinaries index lost 33.3 at 2,236.5. Volume was 267.1m shares worth A$681.6m.

BANGKOK eased as inflation worries began to bite. The SET index slipped 5.76 to 1,282.37 in low turnover of Bt3.5bn.

Brokers said that a 7.4 per cent year-on-year rise in the consumer price index over the first two months of the year suggested that the March inflation figure would exceed the government's projections.

TAIPEI continued to consolidate after the market's recent gains. The weighted index shed 10.76 to 5,052.35 in light turnover of T$28.4bn. Many investors decided to start the long-weekend holiday early; the market is closed today.

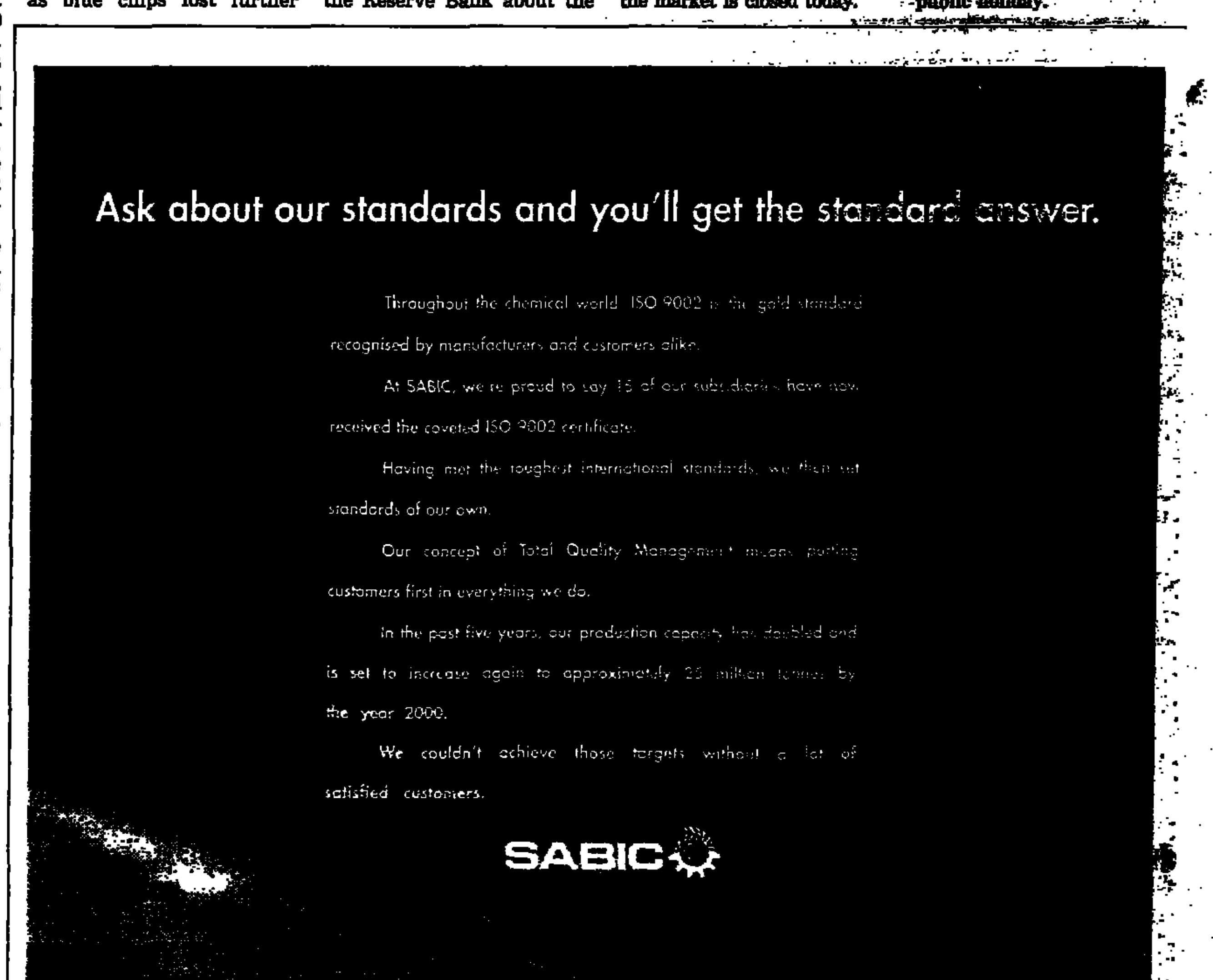
Bargain hunting was scattered in various sectors, including paper and vehicle makers. Yulon Motor gained 70 cents or 3.3 per cent at T$22.1.

SHANGHAI's hard currency B index was weak on heavy liquidations after an official newspaper said China would list more B shares this year than in 1995. The index fell 0.256 to 58.245. The A index lost 22.66, or 3.5 per cent to 572.554.

In the capital, flowed into Guangzhou Steel, which made its debut. Guangzhou opened at Y5.90, against an issue price of Y3.69, and closed at Y5.63.

SHENZHEN's A index dipped 1.09 to 115.27 on worries about new listings, while the B index edged 0.12 higher to 60.44.

● Bombay was closed for a public holiday.



FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 27 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 26 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (81)	200.76	0.4	196.03	135.46	155.26	171.78	-0.1	4.04	199.89	194.87	134.24	153.37	172.01	202.74	158.93	160.60
Austria (24)	183.63	-0.9	179.30	123.90	142.01	141.84	-0.1	1.59	185.28	180.45	124.43	142.16	141.99	199.28	168.11	183.88
Belgium (33)	204.38	-0.4	199.56	137.90	158.05	154.08	0.4	4.05	205.18	199.83	137.80	157.42	153.47	215.81	176.55	176.55
Brazil (28)	156.37	0.6	152.68	105.50	120.92	284.37	0.6	1.72	155.49	151.44	104.43	119.30	282.73	170.25	109.08	122.79
Canada (101)	157.67	-0.1	153.95	106.38	121.93	155.61	-0.2	2.42	157.87	153.76	106.03	121.13	155.89	158.71	132.37	134.49
Denmark (33)	292.83	-0.4	285.93	197.58	226.45	228.86	0.4	1.82	293.96	286.29	197.42	225.54	227.85	305.17	252.41	257.90
Finland (24)	180.63	-1.3	176.36	121.88	139.69	176.44	-0.2	2.80	183.01	178.23	122.91	140.41	176.76	276.11	171.13	175.63
France (98)	191.81	0.6	187.29	129.42	148.33	152.69	1.1	3.08	190.60	185.62	128.00	146.23	151.07	191.81	167.70	173.73
Germany (60)	174.09	0.2	169.98	117.46	134.63	134.63	1.1	1.92	173.65	169.12	116.62	133.23	133.23	174.38	142.25	144.20
Hong Kong (59)	435.69	0.8	425.42	293.97	336.93	432.52	0.8	3.35	432.27	420.99	290.31	331.66	429.12	451.19	323.87	350.36
Ireland (16)	259.01	0.2	252.91	174.76	200.30	233.36	0.5	3.46	258.52	251.77	173.62	198.35	232.18	265.30	211.14	211.81
Italy (59)	70.75	0.2	69.09	47.74	54.72	83.53	0.9	2.16	70.61	68.76	47.42	54.17	82.75	82.71	67.09	69.73
Japan (482)	153.20	0.6	149.59	103.37	118.47	103.37	1.0	0.74	152.37	148.39	102.33	116.90	102.33	164.82	137.75	142.33
Malaysia (107)	551.63	-1.0	538.62	372.19	426.59	540.37	-0.9	1.60	557.44	542.89	374.37	427.69	545.52	561.96	425.77	469.33
Mexico (18)	1188.13	-1.0	1160.12	801.65	918.81	9797.32	-1.0	1.42	1199.97	1168.65	805.88	923.67	9895.61	1237.14	791.99	838.88
Netherland (19)	285.06	0.0	278.34	192.33	220.44	216.53	0.8	3.19	285.05	277.61	191.43	218.70	214.81	285.96	229.70	229.70
New Zealand (15)	83.20	-1.1	81.24	56.14	64.34	64.64	-1.1	4.26	84.16	81.97	56.52	64.57	65.36	85.49	73.28	73.28
Norway (33)	237.14	-0.4	231.55	160.00	183.39	208.14	0.3	2.39	238.19	231.97	159.96	182.75	207.53	243.79	206.13	207.88
Singapore (44)	439.60	-0.7	429.24	296.61	339.96	285.62	-0.5	1.40	442.74	431.19	297.34	339.69	286.97	465.21	353.35	353.35
South Africa (45)	387.78	-0.4	378.65	261.65	299.89	337.58	0.7	2.50	389.23	379.08	261.40	298.64	335.36	437.76	329.21	329.21
Spain (37)	170.49	-0.3	166.47	115.03	131.84	161.42	0.4	3.39	171.06	166.60	114.88	131.25	160.77	175.88	125.60	125.99
Sweden (46)	349.51	0.3	341.27	235.82	270.28	344.69	0.8	2.40	348.50	339.41	234.05	267.39	341.96	352.28	232.23	236.84
Switzerland (39)	250.27	-0.4	244.37	168.86	193.54	186.24	0.3	1.53	251.36	244.80	168.81	192.86	185.62	252.34	177.97	178.72
Thailand (46)	176.97	-1.2	172.80	119.41	136.86	173.38	-1.1	1.90	179.12	174.45	120.30	137.43	175.37	193.95	134.53	139.37
United Kingdom (205)	226.16	0.1	220.83	152.60	174.90	220.83	0.3	4.23	226.05	220.15	151.81	173.44	220.15	235.50	202.87	203.56
USA (631)	264.73	-0.5	258.49	178.62	204.72	264.73	-0.5	2.18	266.15	259.21	178.75	204.21	266.15	269.11	204.43	205.55
Americas (778)	241.64	-0.5	235.95	163.04	186.87	203.10	-0.5	2.18	242.90	236.56	163.13	186.36	204.18	245.54	187.12	188.20
Europe (726)	205.77	0.1	200.92	138.84	159.13	179.15	0.6	3.09	205.65	200.28	138.11	157.78	178.38	207.01	174.12	174.60
Nordic (136)	295.08	-0.1	288.12	199.09	228.19	255.12	0.6	2.35	295.37	287.66	198.37	226.62	253.73	297.48	222.22	226.39
Pacific Basin (834)	166.59	0.5	162.67	112.40	128.83	115.16	0.8	1.18	165.85	161.52	111.38	127.25	114.24	171.87	148.86	151.10
Euro-Pacific (1560)	182.81	0.3	178.50	123.35	141.38	139.44	0.7	2.07	182.33	177.57	122.45	139.89	138.48	183.39	160.79	160.79
North America (732)	258.10	-0.5	252.02	174.15	199.60	257.41	-0.5	2.19	259.46	252.69	174.25	199.07	258.76	262.26	200.12	201.15
Europe Ex. UK (521)	189.29	0.1	184.83	127.72	146.38	154.49	0.9	2.46	189.17	184.23	127.04	145.14	153.32	189.96	155.06	155.44
Pacific Ex. Japan (352)	290.42	0.1	283.58	195.95	224.59	252.61	-0.1	2.87	290.28	282.71	194.95	222.72	252.75	292.58	235.64	236.39
World Ex. US (1752)	184.18	0.2	179.84	124.27	142.43	143.70	0.7	2.08	183.74	178.95	123.40	140.98	142.74	184.71	161.44	161.44
World Ex. UK (2178)	207.21	-0.1	202.32	139.81	160.24	174.20	0.1	1.92	207.43	202.02	139.31	159.15	173.96	207.64	172.01	172.01
World Ex. Japan (1901)	239.87	-0.3	234.21	161.84	185.50	226.51	-0.1	2.54	240.55	234.27	161.55	184.95	225.74	242.17	193.58	193.58
The World Index (2383)	208.96	-0.1	204.04	140.99	161.60	178.55	0.2	2.13	209.16	203.70	140.47	160.48	178.27	209.73	174.76	174.76

CONSTITUENT CHANGE 28/3/96: Name change: UJB Financial to Summit Bancorp (USA). Latest prices were unavailable for this edition.

هكذا من الأصل

RECRUITMENT

Jobs: Comparisons in management pay for smaller companies

Europe's haves and have-nots

Managing directors across Europe have been getting much higher increases than more junior managers, according to the latest edition of Remuneration in Europe, a pay report covering managers in small and medium-sized companies published by P-E International.

Those employees enjoying the greatest increases were in Ireland and Sweden where increases for the most senior appear to have been in the region of 7.5 per cent and 6.5 per cent respectively. Spanish executives had the smallest increases, all below Spain's 4.3 per cent inflation rate.

Once again directors in the UK are propping up the European league table. The total cash of upper-quartile managing directors in Germany, covering companies between 250 and 1,000 employees, is more than twice that of their British counterparts in companies of comparable size.

Changes made to the methodology used by the researchers who gather the information together in the European Remuneration Network, a consortium of independent management and pay consultants, mean that it is not possible to make a strict year-on-year comparison with the figures in the last of these tables, published in July 1994.

Denmark has been dropped from the table because too little of the data was complete. That was the reason for dropping German salaries on the last occasion the table was published but an improvement in the quality of the figures in the survey has made it possible to reinstate them.

P-E International's survey covers 12 countries, 3,000 companies and 41,500 executive salaries.

There are some unusual figures. The lowest basic salaries of a finance head and personnel head in Switzerland are the same, as are the total cash figures for German manufacturing and finance heads in the lower level of pay in companies with 250-1,000 employees.

The full report costs £525 and is available from P-E International, Park House, Wick Road, Egham, Surrey TW20 0HW. For more information, telephone Karen Gallagher on 01784 434411 or fax 01784 471405.

● One thing the report does not do is break down the salaries available to women directors. The £140,000 compensation package agreed this week for a UK woman director who took her former employer, a Brighton-based clothing company, to an industrial tribunal, claiming sexual discrimination, is likely to be a cause for reflection in many businesses.

Christine Esplin was dismayed to discover that her promotion in April 1993 to personnel director of QS Familywear gave her a salary that she subsequently discovered was much lower than that of a male merchandising director who, she says, was doing work of equal value.

The case was brought by the Equal Opportunities Commission when Esplin was sacked after she used the company grievance procedure to make a complaint. Although the company continued to refute the allegations of sexual discrimination and unfair dismissal, it agreed to settle the claim.

Esplin is representative of many women who reach executive posts only to find they are paid on average less than men. Several recent surveys have highlighted inequality.

Institute of Management research shows that in the UK only 3 per cent of company directors and less than 11 per cent of managers are women.

It urges companies to encourage women applicants for managerial jobs and to have equal opportunities. "A lot of them are talking equality but don't act on it. When it comes to putting a woman in a top job, many are reluctant to do it," says the institute.

Richard Donkin

A GUIDE TO DIRECTORS' EARNINGS

Country: Position	Up to 250 people: Lower quartile Basic salary £	Total cash pay £	Median Basic salary £	Total cash pay £	Upper quartile Basic salary £	Total cash pay £	250 to 1,000: Lower quartile Basic salary £	Total cash pay £	Median Basic salary £	Total cash pay £	Upper quartile Basic salary £	Total cash pay £
Spain: M.D.	53,725	59,063	**66,707**	**75,230**	83,147	96,014	61,279	67,353	**76,944**	**88,747**	97,527	112,642
Sales head	32,406	37,281	**41,065**	**45,661**	52,087	58,765	37,792	44,271	**51,891**	**56,929**	65,217	70,668
Manufacturing	34,236	36,564	**39,631**	**42,798**	47,802	50,212	46,609	50,108	**53,977**	**58,091**	65,722	68,700
Finance head	33,747	36,593	**41,679**	**44,055**	52,064	56,380	40,509	43,458	**51,739**	**56,224**	63,192	69,289
Personnel head	29,151	31,297	**37,375**	**38,810**	44,132	47,121	39,018	41,212	**48,017**	**51,505**	56,608	61,984
Germany: M.D.	77,281	98,981	**97,431**	**120,018**	125,775	175,598	95,881	116,032	**121,568**	**157,219**	160,762	255,093
Sales head	49,159	57,130	**65,988**	**73,516**	70,859	87,245	61,780	72,188	**73,738**	**85,895**	79,274	102,303
Manufacturing	47,387	50,930	**53,809**	**57,130**	61,337	64,880	56,244	60,452	**65,988**	**71,966**	77,059	88,574
Finance head	48,494	51,373	**56,909**	**60,230**	71,302	77,724	56,466	60,452	**63,995**	**69,752**	79,495	88,353
Personnel head			**54,694**	**59,123**			53,144	57,573	**62,888**	**69,088**	74,402	82,817
Switzerland: M.D.	90,605	106,529	**103,783**	**121,904**	121,630	145,791	113,485	133,619	**134,717**	**165,285**	162,905	195,120
Sales head	59,305	65,620	**68,914**	**78,249**	76,327	87,584	80,720	95,730	**97,011**	**110,922**	116,047	132,520
Manufacturing	64,521	68,091	**68,640**	**73,307**	71,660	78,249	78,341	84,015	**85,480**	**91,337**	93,167	102,136
Finance head	56,559	60,952	**66,716**	**70,013**	73,033	79,073	79,805	62,966	**92,618**	**100,122**	102,319	110,190
Personnel head	56,559	59,305	**60,403**	**65,345**	62,325	69,189	81,087	87,127	**80,422**	**97,560**	100,306	108,725
UK: M.D.	49,000	51,683	**56,000**	**61,009**	69,828	80,500	62,153	67,650	**73,874**	**80,890**	96,592	111,584
Sales head	36,400	38,500	**40,000**	**44,468**	45,000	51,025	41,020	43,712	**45,973**	**52,815**	58,053	64,580
Manufacturing	32,000	35,831	**35,248**	**38,750**	39,170	44,694	42,320	45,669	**47,743**	**51,296**	57,602	63,953
Finance head	35,925	39,222	**39,703**	**43,793**	48,375	51,660	45,011	47,006	**50,821**	**54,284**	56,874	67,620
Personnel head	29,900	34,500	**35,750**	**35,850**	41,025	44,042	36,753	37,957	**41,959**	**45,778**	52,553	57,380
Belgium: M.D.	59,636	63,839	**75,553**	**78,947**	88,797	101,308	75,865	76,253	**91,297**	**91,297**	113,626	120,091
Sales head	45,142	47,157	**50,660**	**56,403**	58,914	66,425	55,671	56,746	**62,007**	**67,546**	71,038	80,219
Manufacturing	46,198	48,741	**52,696**	**58,149**	64,227	71,167	57,890	57,977	**67,201**	**67,826**	76,469	85,629
Finance head	39,161	40,239	**49,927**	**56,037**	61,694	67,503	54,528	58,300	**63,861**	**65,369**	67,352	72,266
Personnel head	39,452	41,230	**43,332**	**45,088**	58,612	59,658	46,855	49,011	**57,524**	**60,929**	67,417	72,201
Netherlands: M.D.	66,076	70,846	**79,554**	**90,636**	95,365	117,945	66,888	74,013	**83,511**	**93,406**	110,029	123,852
Sales head	36,215	28,194	**41,162**	**45,516**	49,474	51,848	43,141	45,516	**50,661**	**54,619**	55,410	60,951
Manufacturing	39,777	43,537	**46,901**	**51,057**	52,838	56,775	42,745	45,912	**47,890**	**50,265**	55,410	64,909
Finance head	39,975	43,339	**48,286**	**49,078**	59,962	61,743	53,431	56,202	**61,743**	**66,888**	71,242	79,949
Personnel head	37,600	39,579	**43,141**	**44,329**	51,255	51,650	41,558	43,141	**45,120**	**47,099**	50,661	54,223

Source: P-E International. Compiled by Bernice Smart

BANKING FINANCE & GENERAL APPOINTMENTS

Andersense of freedom

Senior Managers – Business and Technology Consulting in the Financial Markets

£45,000 – £80,000

As the world's leading business and technology consultancy, Andersen Consulting's ability to make change work for our clients, through tailored and fully integrated solutions, is unquestioned. Our financial markets clients operate in one of the most dynamic and rapidly changing industry sectors, where the ability to shape new business operations, processes and technologies to gain competitive advantage and cost efficiencies is essential.

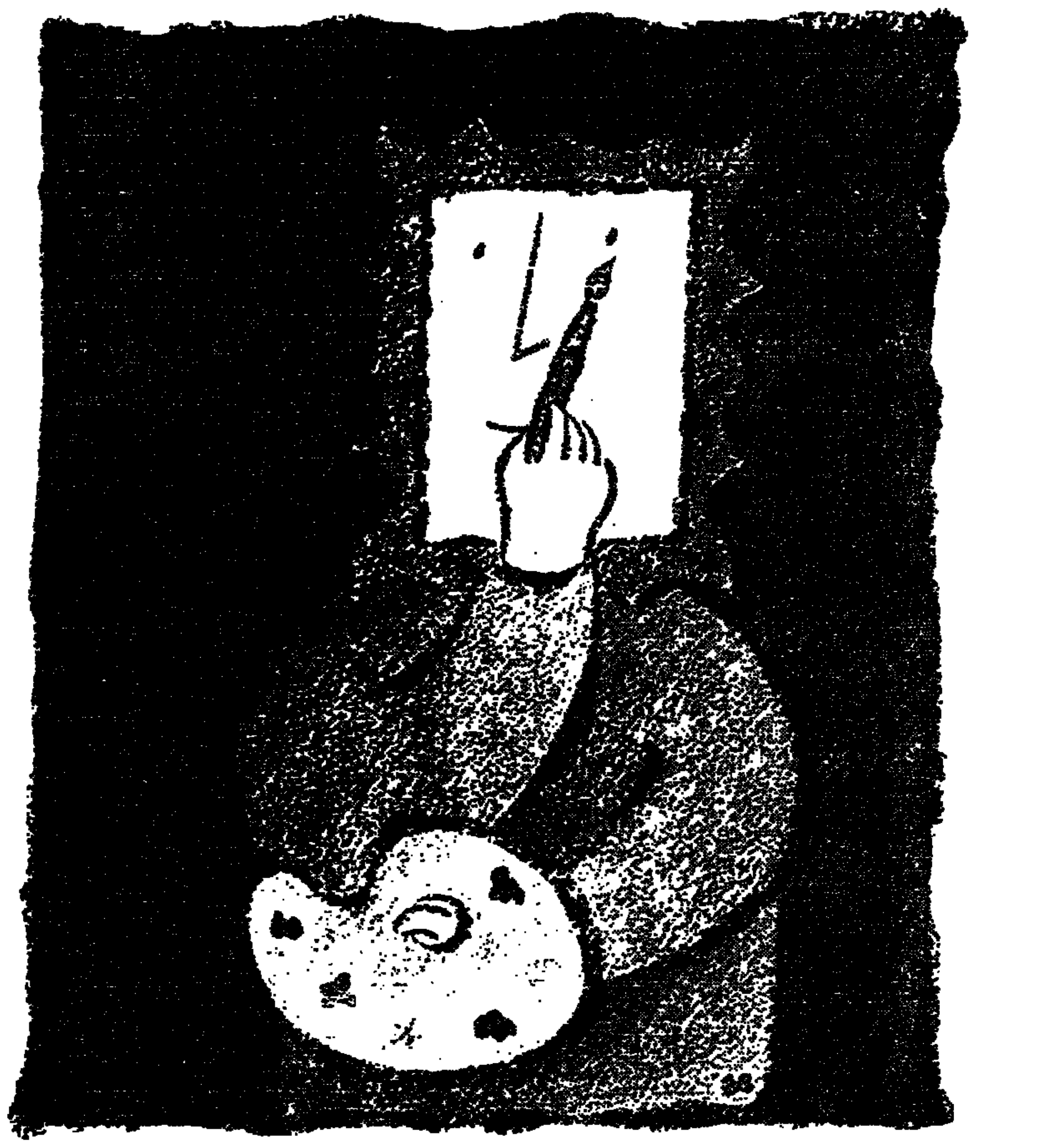
Our search for additional financial markets industry experts to join our senior management team is driven by the increasing demands from our clients for us to carry out mission-critical engagements. These range from the design and implementation of 'straight through' front, middle and back office processes, global restructuring of business operations (particularly for back office operations), to the implementation of high quality systems solutions using the most current technologies.

We are seeking high calibre managers, with the potential to progress to partnership level, to manage high profile, high value, client-facing projects and to develop relationships and business opportunities with existing and new clients.

A graduate, with a 2:1 degree or above and possibly a post graduate or professional qualification, you will have a proven track record in project management. You should have a minimum of five years' experience of the financial markets industry, probably gained within a bank, management consultancy or accounting firm. You should be prepared to travel anywhere in the UK and potentially overseas.

Andersen Consulting offers energetic, self confident performers a competitive salary and benefits package, with excellent opportunities to enjoy rapid and sustained career development. Our dynamic growth has arisen by constantly challenging our people to realise new levels of achievement and by helping our clients change to become more successful.

If you are interested and wish to find out more, please contact our advising consultant Georgia Grant by sending a detailed CV to Corporate Executive Search, King's Court, 35 King Street, Covent Garden, London WC2E 8JD, by fax on +44 171 379 4453 or by email at corporate@styx.cerbernet.co.uk. Specific enquiries can be made by telephoning +44 171 240 7516.



JOIN THE WORLD'S LEADING BUSINESS AND TECHNOLOGY CONSULTANCY

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EASDAQ

EUROPEAN STOCK EXCHANGE
HEAD OF ADMISSIONS
SURVEILLANCE & REGULATIONS EXECUTIVE

EASDAQ's mission is to create a European stock market which is liquid, efficient and fair, where fast growing companies with international aspirations can raise capital from interested investors. It will launch later this year.

EASDAQ will be a screen based stock market enabling companies, intermediaries and investors to have direct access wherever they are located. Trading will be safe and cost-effective, and companies will benefit from a broad range of European investors.

Head of Admissions
Based in Brussels, regular commuting to London/Europe

The Role

- Develop and implement the EASDAQ admissions strategy
- Recruit and retain companies wishing to be admitted to EASDAQ
- Adapt admissions procedures to workable daily routines
- Establish standard analysis of financial data provided by potential issuers
- Monitor accounting standards and establish continuous programme of collaboration with major accounting firms
- Generate revenues in line with targets

The Qualifications

You are fluent in English and have a good knowledge of French and/or German. Probably aged 40-45, you have a university degree, with relevant experience in corporate finance and an excellent knowledge of international accounting principles. You are entrepreneurially minded and excited by the challenge of establishing EASDAQ as a major player in the international financial community.

Surveillance & Regulations Executive
Brussels

The Role

- Responsible for maintaining day-to-day integrity of EASDAQ from trading through to settlement
- Develop automated surveillance procedures and any other programmes which might enhance market integrity
- Identify and report upon suspected insider trading, manipulation or other market related abuses
- Enforce the EASDAQ market rules and regulations

The Qualifications

You are fluent in English and French.

You have worked for several years in a similar regulatory role and have a reputation for integrity.

Probably in your mid-30s, you are computer literate, have excellent analytical skills and a strong sense of professional pride.

Please write, in confidence, with full career and salary details, to:

Nicolas Hollanders, Egon Zehnder International S.A., Avenue Franklin Roosevelt 14, B-1050 Brussels.

Tel: +322/648.00.83 Fax: +322/640.61.10

LE FONDS DE DEVELOPPEMENT SOCIAL DU CONSEIL DE L'EUROPE

INSTITUTION FINANCIERE INTERGOUVERNEMENTALE REGROUPANT 24 PAYS recherche

3 cadres haut niveau

POUR RENFORCER SON SIEGE A PARIS

BILINGUES : ANGLAIS + FRANÇAIS - NATIONALITÉ EUROPEENNE

■ ADJOINT AU RESPONSABLE DE LA GESTION DES RISQUES

28 ans ou plus, de formation supérieure en mathématiques ou actuariat, vous avez une experience minimale de 4 ans dans une banque ou une organisation financière.
Vous êtes spécialisé dans le suivi des risques financiers. Vous avez une connaissance approfondie des produits de marché et de leur utilisation pour la gestion ALM.

Vous serez chargé de participer à la mise en place puis d'exploiter le nouveau système de gestion des risques, en particulier la réalisation de simulations.
Vous participerez à la formation des équipes de la Direction Financière à l'utilisation des nouveaux systèmes. (réf. 367/GR)

■ JURISTE FINANCIER

Agé de plus de 30 ans, de formation supérieure en droit, complétée par une formation financière ou économique, vous êtes un spécialiste des affaires juridiques financières, en particulier des transactions et produits liés aux activités de marche. Vous connaissez les réglementations internationales (SEC, COB...) et avez pratique le droit financier de plusieurs pays.

Vous avez au moins 5 ans d'expérience dans une banque ou une institution financière ou dans un cabinet d'avocats international.
Vous serez chargé des affaires juridiques concernant la Direction Financière ("funding", trésorerie...) et les engagements financiers de l'Organisation et participerez aux négociations qui y sont liées. (réf. 367/JF)

■ CONSEILLER TECHNIQUE, EXPERT DÉVELOPPEMENT DES PETITES ET MOYENNES ENTREPRISES

Agé de 35 ans ou plus, vous avez une expérience d'installation de structures, institutions et systèmes permettant le développement d'entreprises petites et moyennes au niveau d'une région ou d'un pays. Vous avez travaillé dans un environnement international, soit dans des agences publiques ou privées d'un pays européen, soit dans des organisations internationales de developpement.
Vous participerez avec les équipes géographiques des "loan officers", à l'étude et au suivi de tous les projets liés au développement d'entreprises et apporterez vos conseils sur les aspects techniques et sur l'évaluation de l'impact des projets. (réf.367/PME)

Les trois postes relèvent d'un statut de fonctionnaire international.

Merci d'adresser votre dossier de candidature (CV + rémunération actuelle + n° de téléphone) en précisant sur l'enveloppe la référence du poste choisi a Communiqué, 50/54 rue de Silly, 92513 Boulogne Billancourt Cedex France, qui transmettra.

MEDIAPA

CJA RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
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Fax No. 0171-256 8501

Intellectually challenging opportunity at the leading edge of research where your input will have a direct impact on fund performance.

CJRA

ECONOMIST/ECONOMETRICIAN - MODELLING EMERGING MARKETS

LONDON **£80,000 - £120,000+Bonus**

FAST GROWING UK BUSINESS OF A PRESTIGIOUS US INVESTMENT FIRM

We invite applications from candidates who must have a post graduate qualification and have at least 4 years' experience of working on emerging markets, probably gained within the financial or public sectors, an international organisation or academic/research institution. A sound grasp of macroeconomics and econometrics is essential. The successful applicant will, both, help develop econometric models for various emerging markets and engage in high level field research. You will be part of a team that is already developing models for the G7 countries.This research group, which includes academics, generates trading ideas for prioritising markets. Essential qualities are flexibility, to have a roll-up sleeves attitude to work, to be willing to deal with a wide range of projects and, above all, to be an effective team player. Initial salary negotiable £80,000-£120,000 plus bonus. For an exceptionally relevant individual a higher salary can be negotiated. Ref: E/5451/FT

CJRA **£40,000 - £60,000+Bonus**

This same client also seeks applications from younger people who are similarly qualified but with less experience. A background of econometric modelling is essential. Ref: E2/5451/FT

Applications, in strict confidence, quoting appropriate reference should be sent or faxed to the above address. They will be forwarded to our client in the first instance. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter addressed to the Security Manager, CJRA. EMail: cjagroup@online.rednet.co.uk

EUMETSAT

EUROPEAN ORGANISATION FOR THE EXPLOITATION OF METEOROLOGICAL SATELLITES

ORGANISATION EUROPEENNE POUR L'EXPLOITATION DE SATELLITES METEOROLOGIQUES

EUMETSAT is an intergovernmental European Organisation of 17 Member States • Austria • Belgium • Denmark • Finland • France • Germany • Greece • Ireland • Italy • Netherlands • Norway • Portugal • Spain • Sweden • Switzerland • Turkey • United Kingdom

Established in 1986 and located in Darmstadt, EUMETSAT's prime objective is to establish, maintain and exploit European system of operational meteorological satellites.

EUMETSAT uses the European Currency Unit (ECU) as currency of account. The Budget is established in ECU and most of the revenue accrues in ECU.

Suitably qualified candidates (male or female) are invited to apply for the following post

TREASURER Ref no VN(96)13

As some of EUMETSAT's expenditure is in national currencies, the Treasurer will be responsible for safeguarding that the amounts budgeted match the expected expenditure.

This will involve:

- Establishing cash flow forecasts for revenue and expenditure;
- Monitoring the financial market in close liaison with the EUMETSAT banks;
- Investing EUMETSAT funds;
- Hedging against currency and interest risks.

As a member of the Finance team, he/she will also assist in other financial matters as necessary.

Candidates should have a university degree or equivalent. Extensive experience is required in treasury matters, preferably in an international multi-currency environment. Experience with a computerised accounting system (preferably Oracle Financials) would be an advantage. Experience in the use of PCs is also required

Fluency in either English or French is required, together with a working knowledge of the other language. A working knowledge of German would be an advantage. Candidates must be nationals of a EUMETSAT member state.

Applicants who meet all of the above requirements should apply (CV, covering letter, reference n°) in either English or French to EUMETSAT, Ms. F. Jayaismt, Personnel Officer, Postfach 10 05 55, D-64205 Darmstadt, Germany. The closing date for applications is 12 April 1996.

Use your trade finance knowledge and business analysis experience to influence global corporate strategy

Senior Trade Finance Strategist

Competitive remuneration package · London

NatWest Markets is the corporate and investment banking arm of the NatWest Group. Already one of the largest and best capitalised banking groups in the world, we are firmly committed to increasing our presence globally.

Central to achieving these ambitions will be our considerable financial strength and industry knowledge. The decisive factor, however, will be the quality of our strategic thinking. You could help give us that edge, as Senior Strategist in our Global Trade and Banking Services business.

Global Trade and Banking Services has representation in 15 country markets and provides an extensive range of trade related services. Our business spans volume-based payments business, classical documentary trade services, as well as highly structured trade finance transactions.

As part of a small, dynamic, central team, you will be looking at a range of strategic issues – identifying opportunities in trade service provision and initiating change programmes which deliver tangible profitability gains across the NatWest Group. To help enhance our competitive advantage, you will also conduct an ongoing analysis of market developments, competitor activities, customer needs and shareholder expectations.

With at least two years' trade finance experience in an international banking organisation, you will need outstanding business analysis skills and an impressive record of both developing and implementing corporate strategy at the most senior levels. Educated with a good Economics-related degree or an MBA – you must be a confident communicator and have extensive knowledge of analytical techniques.

We're offering a rare opportunity to combine these talents in one highly-influential role. The prospects for career development are excellent. So are the rewards.

If you have the special blend of skills we seek, please write with your CV to: Sue McGahan, Human Resources, NatWest Markets, 135 Bishopsgate, London EC2M 3UR.

NatWest Markets is an equal opportunities employer.

NWM

NATWEST MARKETS

PRIVATE BANKER

High net worth clients • London based

The Citibank Private Bank has achieved tremendous growth over the past five years and is currently looking to add additional talent in London.

We are looking for an experienced Private Banker with a proven track record of acquiring new clients and deepening relationships. Particular focus will be against UK resident entrepreneurs with a net worth in excess of $10 million.

You will be a professional with an excellent grasp of global investment markets, structured credit and treasury products. You will be part of Citibank's global network working closely with other members of the UK Market Region Team based in London, Geneva, Jersey and New York.

We are committed to providing first-class remuneration and future career opportunities within Citicorp.

To apply, please write with career details to Joanne Noble, Senior Personnel Officer, Citibank Private Banking Group, 41 Berkeley Square, London W1X 6NA, or alternatively fax on 0171 629 1927.

THE CITIBANK PRIVATE BANK

CITIBANK

We are an equal opportunities employer

BUSINESS LEADER - SOUTH ASIA

Brown-Forman Beverages Worldwide is expanding its international organization to South Asia where we need a Business Leader to build our consumer goods business. This position, based in Delhi, will help build our business in India to produce and market our acclaimed spirits in conjunction with our local joint venture partner, and will further be responsible for business development, brand building, sales leadership, production and distribution throughout this region which also includes Pakistan, Afghanistan, Sri Lanka, Nepal, Bhutan and Bangladesh.

The successful candidate must be a tough-minded, self-starting visionary with proven skills to build a business and drive its growth. We are seeking candidates with university credentials and 15 years of consumer products experience. Business experience in the region, particularly in India is a must. A willingness to commit to a long-term association with our business in this region strongly preferred. Must be computer literate and preferably possess local language skills.

---

human resource specialist

eastern europe focus

based, surrey, U.K

food multinational

£35-40,000 + bonus + car

An opportunity for a business orientated graduate with 2-5 years human resources experience, to take responsibility for recruitment, training and performance management throughout Eastern Europe and other developing countries. Progression to a functional or sector role in the UK, U.S or Europe is envisaged.

Key responsibilities include :-

- **recruiting engineers, traders, finance professionals, logistics, commercial and HR personnel**
- **graduate recruitment from U.S / European business schools**
- **monitoring performance, satisfaction and career development, follow up on hires**
- **training local HR, develop team games, taxation, local & ex pat packages**

Travelling 40 - 50 % you'll work with Country Managers to identify recruiting needs for new and existing manufacturing and trading operations in Russia, Central and Eastern Europe and Central Asia.

We're looking for someone currently HR of a section or a factory, sense of humour, mobile, numerate, pro-active - not an administrator. International education or experience a plus. Quote ref: 04441

FARN WILLIAMS EXECUTIVE & FINANCIAL SEARCH Diamond House 37-38 Hatton Garden London EC1N 8FW Tel: (44) 171 404 4038 Fax: (44) 171 404 4083

IDC INTERNATIONAL DATA CORPORATION

Senior Consultant

Banking & Financial Services Markets

IDC, the world's leading IT Market Research company, is looking for a Senior Consultant to join its expanding banking and financial services research and management consulting group.

Educated to a high level, and knowledge of all aspects of banking IS, candidates must have a minimum of eight to ten years relevant experience, proven project management skills, demonstrable communications skills, and have established connections at the highest levels in the banking and financial services sectors in the UK and abroad. A full understanding of the implications of changes sweeping through the financial services sectors would be valuable.

Please send your C.V. to: Shirley Horrocks, IDC UK Limited, 2 Bath Road, Chiswick London W4 1LN.

TELEPHONE APPLICATIONS WILL NOT BE ACCEPTED

JUNIOR ANALYST

EQUITY RESEARCH – ENERGY SECTOR

Excellent package · London

Our client, a leading investment bank, seeks a Junior Analyst to join its London-based Equity Research Energy team.

The successful applicant will be a highly numerate graduate, in their mid 20s, with a strong understanding of financial modelling and, ideally, experience gained within investment banking or the oil and gas industry.

Responsibilities will include building and maintaining financial models and assisting in the production of the team's extensive publications. The ability to work under pressure and to very strict deadlines will be essential.

To apply, please write with your full cv, quoting ref:384 and stating your current remuneration, to Alastair Lyon, Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Closing date for applications: 4th April 1996.

Applications will only be sent to this client but please indicate any company to which your details should not be forwarded.

ASSOCIATES IN ADVERTISING

EAST EUROPEAN INVESTMENT ANALYST

Our client, one of the world's largest institutional investors and one of the major players in London, is searching for a committed professional with a keen interest in or experience of fundamental securities analysis. Your MBA theory has already been tested in the market place and your in-depth knowledge of at least one of the East European markets, together with your excellent language skills in two East European languages, have enabled you already to acquire excellent presentation skills. In undertaking detailed analyses of firms in the EEM, you will already be developing PC modelling skills, ready for the final report to portfolio managers.

In return you cannot not be satisfied with a remuneration package less than £50K and commensurate benefits, but, as an experienced member of our London team, you will also realise occasionally the need to perform unsocial hours.

Are you interested, and do you meet all of our requirements? Sarah Franklin at Livingstone, Williams & Grant, Queen Anne House, 11 The Green, RICHMOND, Surrey TW9 1PX is waiting for your resume and a hand written covering letter quoting reference 92/C/124/07/D.

Senior Investment Manager and Research Analyst

Required by Gulf-based organisation to work with a small team responsible for the direction of a diversified portfolio managed by a number of external managers.

Ideal candidates for both roles will be graduates with strong analytical skills and a high level of presentation abilities.

Candidates for the Senior Investment Manager position should possess seven years' experience in fund management and have an excellent understanding of issues which affect global investors. Ideally aged 30-40 years.

Candidates for the Research Analyst position should possess five years solid investment experience. Ideally aged 28-35 years.

Competitive salary and attractive benefits package will be offered to the two successful candidates. Interviews will be held in London in May. Please send your C.V. together with a hand written covering letter stating your current salary details in complete confidence to P.O. Box No. A5317, Financial Times, One Southwark Bridge, London SE1 9HL.

TURKS AND CAICOS ISLANDS

Shaping offshore finance in a thriving economy

Deputy Superintendent: Offshore Finance

The Turks and Caicos Islands (TCI) is a developing jurisdiction offering modern legislation and a wide range of offshore financial services. These include company management, insurance and trust business. Its thriving private sector includes lawyers, accountants, trust managers and company formation agents, much of the business originating with other professional advisers in the USA and Canada.

Based within the Financial Services Commission, the body responsible for the regulation and development of the sector, you will have the following key areas of responsibility:

- monitoring and review of both the Commission's practices and procedures relating to, as well as any individual or firm involved in, trust administration; company formation; collective investment schemes, and shipping
- the continuous appraisal of developments in these areas, together with a review of relevant legislation, and the recommendation of amendments/improvements as necessary
- the ensuring of compliance by all practitioners in activity relating to the above
- examination of and recommendation on all applications for licences
- ensuring that fees in relation to the above are designed for the maximum long-term benefit of the TCI economy.

Involvement in training and development policy, in spearheading a promotional campaign to maximise the Commission's business and in the preparation of the Commission's revenue and expenditure budgets will give significant breadth and challenge to the role.

QUALIFICATIONS

You must have a law degree, combined with a knowledge of accountancy and a firm grasp of computer systems, honed and developed during at least 10 years within the financial services sector. Work with one of the regulatory bodies would be especially valuable but is not essential if you have experience of compliance procedures from a private sector perspective. Applicants should either be nationals of the European Economic Area (EEA) or Commonwealth citizens who have an established right of abode and right to work in the United Kingdom.

TERMS OF APPOINTMENT

You will be on contract to the British Government for 2 years, in service to the Government of the Turks and Caicos Islands. Salary will be c.£46,500 p.a. (UK taxable). Additional benefits will normally include variable tax-free overseas allowances, children's education allowances, free accommodation and passages and annual fare-paid leave.

Closing date for receipt of completed applications is 19 April 1996.

For further details and application form, please write to Appointments Officer, Ref No AH304/MMcC/FT, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, or telephone 01355 843480.

ODA is committed to a policy of equal opportunities and applications for this post are sought from both men and women.

ODA

OVERSEAS DEVELOPMENT ADMINISTRATION

BRITAIN HELPING PEOPLE TO HELP THEMSELVES

Klesch & Company Limited

As a consequence of continuing growth in the European distressed and illiquid financial markets, we are further expanding our research and investment capabilities by the appointment of a:

DISTRESSED CORPORATE DEBT ANALYST

- We seek an experienced individual to make an immediate contribution to our well established research and valuation activities.
- Reporting directly to the Head of Research, the successful candidate will identify and analyse investment opportunities across the full spectrum of industry sectors, in both the UK and Continental Europe.

The successful candidate will be working in a highly focused entrepreneurial environment and must display considerable initiative and tenacity. With at least 3 years financial experience, gained in areas directly relevant to this expanding business sector, candidates must demonstrate an advanced ability to thoroughly dissect company accounts and complex legal documentation, in order to determine relative value. In addition, the ability to write incisive research documents is a prerequisite.

An attractive remuneration package will be available for the right candidate.

To apply, please write, enclosing a detailed C.V. to: **Mr R. Jeff Summers, Klesch & Company Limited, 6 Queen Street, Mayfair, London, W1X 7PH**

Klesch & Company Limited is Regulated by the SFA

European Bank for Reconstruction and Development

The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their transition to market economies.

The European Bank supports projects through lending, taking equity positions and providing technical assistance.

The Bank's Treasury Department is responsible for managing the Bank's assets and liabilities, funding, adding value by active multicurrency asset management and advising banking teams on the structuring of project loans and risk management. Treasury uses state of the art financial concepts, instruments, techniques and systems to add value and manage risks.

Along with a competitive compensation and relocation package, we offer action and achievement in an historic enterprise.

The Treasury Department needs a

Senior Financial Engineer

Responsibilities: ☐ implementation of interest rate and credit derivative pricing and FO/MO risk measurement models, including Monte Carlo simulation of future P/L and credit exposures, in co-operation with in-house C++ programmers; ☐ developing and implementing performance measurement and return attribution analytics for asset management and trading desks. Further developing external asset manager evaluation and incentive concepts and models; ☐ developing arbitrage and hedging models for traders and A/L and liquidity managers; ☐ interfacing with third party trading and FO risk measurement system developers, writing analytics specifications and detailed user requirements; ☐ providing financial engineering, analytics and financial economics advisory to the Bank's professional staff and clients; ☐ conducting Treasury and capital market related financial economics research.

Requirements: ☐ Msc or preferably PhD in Finance or Quantitative Discipline; ☐ minimum of 2-4 years post graduate experience in Financial Engineering, Trading or Risk Analytics or Applied Research in Financial Economics and Instruments with broad practical knowledge of European Fixed Income and Interest Rate products and markets; ☐ ability to develop, implement and test value adding arbitrage trading concepts, experience in working with traders; ☐ experience in writing specifications for pricing and risk measurement models in front or middle office environments, and programming in C, C++ or MATLAB; ☐ familiarity with latest statistical packages, real time trading systems, UNIX and Windows environments; ☐ innovative and highly motivated team-player with good communication and interpersonal skills.

To apply, please send a detailed CV in English, quoting reference number FT/IS1056 to: Mr Ernst Mahel, Personnel Department, European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2EH.

All applications will be acknowledged. Please help by not telephoning.

GLOBAL TREASURY RISK MANAGEMENT TECHNOLOGY

Worldwide Opportunities

Our client is the leading financial software company providing fully integrated Global Trading, Risk Management and Treasury Back Office solutions to *major international banks and large multi-national corporations. It also provides extensive consulting in* Treasury, Trading and Risk Management, in the framework of the implementation of its system. Sustained worldwide growth has created several outstanding opportunities for exceptional individuals to join our client's highly motivated team of banking and treasury systems professionals.

SENIOR PROJECT MANAGERS

These positions call for mature, seasoned professionals who can build, lead and motivate multiple project teams, working in several locations and time zones concurrently and will require:

- A proven track record of delivering complex systems solutions and consultancy to International Treasury Divisions.
- *A natural ability and willingness to control the detail and work* in a hands on manner.
- Excellent consultancy skills.
- The ability to build and manage relationships at the most senior management levels within clients.
- Commercial management ability
- Highly developed communication skills.

Hands on experience in financial instrument trading in a senior treasury management position is desirable. An in-depth knowledge and understanding of the financial markets, treasury institutes and risk management is also highly desirable.

TREASURY SPECIALISTS

These roles demand a thorough understanding of financial markets and financial analytics, together with substantial in-depth knowledge of one of the following products:

- Interest Derivatives
- Fixed Income and Equities
- Emerging Markets
- Back Office Operations Management

All of these positions will involve a substantial amount of travel and require flexible scheduling. Language skills would be advantageous. A first class compensation package will be given.

For positions within the US, please write with full details to Rob Resnik, WAA, PO Box 2615, 535 Fifth Avenue, Suite 701, New York, NY 10017.

For positions outside the US, please write with full career and salary details to Paul Wilcock, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

Please quote reference SPM (Senior Project Manager), or TS (Treasury Specialists).

MSL INTERNATIONAL

LONDON AUSTRALIA CANADA EUROPE HONG KONG INDIA SOUTH AFRICA USA

c. £55,000 + bonus + future equity options — *Major Asset Management Firm* — *City*

Turkey, Middle East and North Africa Fund Manager

This market leader seeks a bright, motivated fund manager excited by the investment prospects in this region and capable of running a sizeable and growing portfolio. With over US$3 billion invested in the emerging markets run by a dedicated team, this firm has built an outstanding reputation for performance and innovation. Its collegiate culture has developed and attracted a wide-ranging group of talent with longer term incentives provided through equity options.

THE ROLE

- Take primary responsibility for the stock selection and asset allocation across Turkey, the Middle East and North Africa, travelling extensively to assess market opportunities and reporting to a Director
- Manage a listed fund and portions of global portfolios dedicated to this region with the mandate to develop regional and country specific funds over time.
- Contribute to broader client and product initiatives in a small team dedicated to the emerging markets of Eastern and Central Europe, the Middle East and Africa.

THE QUALIFICATIONS

- Good first degree, aged 26-28, IMC qualified, with a minimum of two years' fund management experience investing in this region gained in a blue-chip firm. Fluency in English and one regional language.
- Proven stock selection and fundamental analysis skills. Comfortable making significant investment decisions. Confidence to debate investment strategy. Curiosity and cultural empathy to explore these countries.
- Maturity, credibility and integrity. Entrepreneurial and energetic personality with a creative mind capable of working in a disciplined client-driven environment. Proven written and verbal communication skills.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F7109036L, 16 Connaught Place, London W2 2ED

Overseas Equity Portfolio Manager

The in-house pension fund of a large multinational company based in Central London wishes to recruit an additional Overseas Equity Portfolio Manger for its investment team. The successful candidate will be outgoing, flexible and willing to work on a number of portfolios. A minimum of two years experience is required, preferably including some time on the Japanese or Far Eastern markets.

A competitive salary package and excellent working conditions are available for the right person.

If you wish to be considered for this opportunity you should send your CV, including current salary details to,

Box No. A5319
Financial Times, One Southwark Bridge, London, SE1 9HL.

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.
For further information please call:
Toby Finden-Crofts on +44 0171 873 3456
Andrew Skarzynski on +44 0171 873 4054

International Tax Planning Manager

A WORLD OF OPPORTUNITIES

London
Substantial Package

Owing to internal promotion, the established European Tax Department now seeks to recruit a high calibre International Tax Planning Manager. Reporting to the Director of Taxation, responsible for Europe, the Middle East and Africa, principal accountabilities for the successful individual will be:

- national and cross border planning with particular emphasis on reducing and managing tax as a cost;
- reviewing and making recommendations on a variety of issues, notably acquisitions, disposals, restructurings and new business ventures;
- providing input into financing initiatives and corporate finance projects.

A creative, lateral thinker, it is envisaged that the successful individual will be:

- an exceptional international tax specialist with a minimum of five years' relevant experience gained within a commercial organisation or a premier accounting or legal firm;
- a strong communicator with the ability to work successfully in a cross-cultural, multi-discipline environment with senior management and outside advisers;
- highly commercial in outlook with the drive and tenacity to succeed in a stimulating and demanding environment.

To discuss this outstanding opportunity further, interested applicants should contact our retained consultant **Andrew Hick** on 0171 379 3333 (or fax 0171 915 8714) or write to him enclosing a CV stating current remuneration, at **Robert Walters Associates**, 25 Bedford Street, London WC2E 9HP. Internet: andrew.hick@rwa.co.uk

Any applications made directly to PepsiCo will be forwarded to Robert Walters Associates. All applications will be treated in strictest confidence.

PepsiCo is one of the world's most successful consumer products companies. With 471,000 employees in more than 175 countries, the corporation is an international leader in beverages, the world's largest producer of salty snack foods and the world's largest operator of *quick service restaurants. The company* has continued to aggressively expand its global businesses through a mixture of organic growth and acquisition.

PEPSI WALKERS Pizza Hut

PEPSICO

PRIVATE BANKER

Italian market — *London based*

Our European Marketing Team in London requires an experienced Private Banker, fluent in both English and Italian, to market our sophisticated range of products to high net-worth Italian entrepreneurs.

This position is an addition to an already very successful team and we need someone who can integrate quickly and add value immediately by bringing excellent market knowledge and strong skills in credit, investment and, ideally, treasury products. Our commitment to our clients is to provide quality advice, working with them to ensure their needs are matched to the versatile range of products that are on offer.

You will be an excellent team player and will relish actively sourcing new business for investment management opportunities.

The Citibank Private Bank is one of the largest and most respected and our reputation for innovation puts us in a position of being able to offer exciting opportunities for someone who has already made a significant impact in their current role.

Please forward your C.V. to Joanne Noble, Senior Personnel Officer, Citibank Private Banking Group, 41 Berkeley Square, London W1X 6NA, or alternatively fax on 0171 629 1927.

THE CITIBANK PRIVATE BANK

CITIBANK

We are an equal opportunities employer

Head of Structured Equity Derivatives Marketing

Johannesburg

A unique opportunity to play a key role in the development of an expanding equity derivatives business in South Africa. On behalf of this major South African organisation we wish to appoint a high calibre individual to build a structured equity derivatives business.

The Role:

- To establish a sound flow of business in Europe and South Africa, taking a hands-on approach to meeting client demands, structuring South African equity derivatives products.
- To promote the organisation as a provider of equity derivatives by implementing innovative structures for clients, developing new products for the bank and transacting substantial business in the marketplace.

The Candidate:

- A high calibre graduate with at least six years' experience within the listed and OTC equity derivatives business.
- Strong technical skills and a clear understanding of equity derivatives and their related products.
- The ability to build a profitable client base by strong marketing and presentational skills.

This challenging position offers substantial career prospects within one of the fastest growing derivatives markets in the world. The division is backed by substantial financial commitment and this will lead to significantly greater responsibilities. An excellent salary and benefits package is available, commensurate with experience and qualifications.

For a confidential discussion contact Tim Sheffield. Telephone: 0171-236 2400. Fax: 0171-236 0316 or apply in writing to: Sheffield-Haworth Ltd, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection

ACCOUNTANCY APPOINTMENTS

هكذا من الأصل

The EUROPEAN LABORATORY for PARTICLE PHYSICS is an INTERNATIONAL ORGANIZATION of world renown which promotes the study of the fundamental constituents of matter. Located close to GENEVA, SWITZERLAND, in a living example of international collaboration, some 3000 staff from 19 Member States (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, United Kingdom) are working together to provide a service for the International Physics Community. The contributions from these Member States to the current annual budget are approx. 920 MCHF.

CERN is seeking to appoint an experienced

ACCOUNTING EXECUTIVE

to a Senior position in its **Finance Division**

This is a specially interesting opportunity to join CERN at a key point in its history—the multi-milliard Swiss franc development project of its new accelerator—the Large Hadron Collider—and experimental installations. Reporting to the Head of Finance Division, the assignment is to lead the Organization's centralized accounting services (about 40 persons) for a wide variety of service-oriented operations, including payments to suppliers on an international basis, payroll and personnel-related expenditure. It also involves taking a major role in the preparation of the Balance Sheet and Annual Accounts.

There is a very important need for accuracy, good judgement of priorities under pressure, and a strong sense of management.

CERN is looking for candidates, of Member State nationality, with a proven record of management of an important accounting service, preferably in industry or an international organization, full qualifications in accounting techniques, a high degree of commitment and adaptability, strong leadership and effective interpersonal skills.

A wide knowledge of financial management in general would be an important advantage, as well as some experience of related activities, such as contracts and purchasing. Very good knowledge of English or French (spoken and written) and good knowledge of the other language is necessary.

CERN offers an attractive remuneration package including a competitive tax free salary and comprehensive social benefits. Applications will be considered in the strictest confidence. Letters of application, quoting reference "FI-F-96", and curricula vitae, should be sent to:
John CUTHBERT, Human Resources Services, CERN, 1211 Geneva 23, Switzerland

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HEAD OF PRODUCT PROFITABILITY

MAJOR RETAIL/SERVICE PLC

SOUTH EAST — **To £70,000 + BONUS + SHARE OPTIONS**

- One of the UK's most respected retail/service businesses with turnover in excess of £4 billion. High profile commercial position as part of a young dynamic finance team which plays a major role in shaping and driving improved performance across the business.
- The role will entail responsibility for leading the development of sophisticated systems and analysis of product performance in order to support/lead all key business decisions. Most of the time will be spent with non-financial executives, working alongside line management.
- The individual will lead and manage ad hoc projects and financial analysis in support of new opportunities to improve overall performance, development of product strategy and identification of new customer propositions.
- He/she will need strong analytical skills in order to cut through complex data and identify key issues influencing performance. The results of these analyses will then be used to initiate change in the business from both a strategic and operational perspective.
- Aged early 30's, a graduate with a first class academic record and a qualified accountant. Likely to be in a commercial finance role in a blue-chip, consumer facing organisation, (eg. retail or FMCG). Preferably with experience of operating in a business undergoing significant change.
- Excellent interpersonal and communication skills, outgoing and confident. Strongly business orientated in approach, with the personality to operate effectively "at the sharp end", alongside experienced line management.

Please apply in writing quoting reference 1122
with full career and salary details to:
Nicholas Green
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

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A Whitehead Mann Group PLC company

FINANCE DIRECTOR

FINANCIAL SERVICES SECTOR

LONDON — **c.£90,000 + BENEFITS**

- Leading high volume, technology dependent financial products group. 5,000 employees world-wide. Strong profit performance sustained over several years. Plans to grow both existing operations and new areas.
- A Finance Director is required who will be responsible for the UK businesses, which together make by far the largest element in the group.
- He/she will provide leadership to the function, supporting UK and Group board decision making while ensuring the maintenance of strong financial controls and management reporting.
- Graduate calibre qualified accountant, probably aged 40-52, with a record of successful financial management and team leadership in a large organisation which operates advanced systems and strong controls.
- Likely backgrounds include Money Broking, Insurance Broking, Commodity Broking and Retail Financial Services.
- In addition to a high level of technical ability, candidates must have excellent communication skills, independence of mind and the confidence and maturity to influence across the organisation.

Please apply in writing quoting reference 1123
with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
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http://www.gbnet.co.uk/whitehead

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To £75,000 package + benefits — *FTSE 100 Subsidiary* — *City*

Finance Director

A key appointment within a profitable trading subsidiary of one of the UK's truly global groups with worldwide operations and a market leading position. A challenging brief to join the management team ensuring rigorous financial disciplines are in place and providing key financial and management information, together with a comprehensive finance and banking service to meet future growth plans of the business. Excellent group career prospects.

THE ROLE
- Reporting to a Group Board Director, responsible for the provision of comprehensive financial and management information, controls and accounts. Accountable for an established finance department.
- Thoroughly reviewing IT systems, advance a strategy to select new trade control and accounting systems to take the business into the next century.
- Providing a pivotal input to commercial plans with expertise in trade, finance and risk management. Close involvement in the establishment of third party and joint venture operations overseas.

THE QUALIFICATIONS
- Qualified accountant, 30+, with experience in a commodity trading environment, ideally with exposure to terminal markets and expertise in currency hedging, freight and associated finance.
- Strong IT skills with experience of managing the introduction of new control and accounting systems in a trading environment.
- Mature man-management skills, able to interface with a fast-moving commercial environment and the authority to represent the company with senior financial intermediaries. Clear potential for advancement.

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Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FI1100364Y,
Gladstone House, Redvers Close,
Lawnswood Park, Leeds LS16 6QY

FINANCE PROFESSIONALS

Mining and Engineering

Zambian Copper Belt

c.$70,000 Package

Zambia Consolidated Copper Mines Limited is internationally recognised as a leading producer of Copper and Cobalt.

The company's metals are sold world-wide where its principal customers are in Japan, USA, Asia and most of Europe. Benefiting by possessing the world's purest ore deposits and by operating in a rapidly developing culture and infrastructure, the future is highly promising for the company. In order to further strengthen the commercial operations, a clearly defined strategy is in place to identify a small number of finance professionals whose brief will be to:

- Take full responsibility for the production and analysis of management reporting, financial planning and budgeting.
- Establish key performance indicators and financial controls to monitor costs and activities that will assist in achievement of profitability targets.
- Identify areas of waste and inefficiency and recommend areas of improvements or removal.
- Review and financially evaluate projects and monitor their implementation and progress.
- Develop and share your experience with all levels of management and your Zambian colleagues.

These are high profile positions offering genuine opportunities for frontline business exposure. The successful candidates will be outstanding Management Accountants who can demonstrate strong records of achievement in the international manufacturing arena. Contracts are initially for two years and the salary package can be tailored to suit.

*Interested candidates should write promptly to **Mark Rowley** at Herst Austin Rowley, 30 St. George Street, London W1R 9FA, enclosing a full Curriculum Vitae and quoting reference HAR191.*

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MADRID • PARIS • PHILADELPHIA • WARSAW
Part of the Harrison Willis Group

Senior Investment Banking Executive

BASED WARSAW — **COMPETITIVE PACKAGE**

The Company

Our client is a leading AAA rated European based Global Investment Bank with over 10,000 employees in more than 40 countries around the world and capital base of over US $10 billion.

They have an outstanding reputation in Corporate Finance, Equities, Risk Management, Financial Structuring, Derivatives and Trading. They have conducted business in Poland successfully out of their London and Warsaw offices. They are now expanding into the Central & Eastern European arena and wish to recruit a high calibre Senior Executive for their Corporate Finance team in Warsaw

The Role

This is a demanding high profile role in which you will be required to develop business in a new and exciting environment.

Important aspects of this position include:-

- Floating companies on the Warsaw Stock Exchange
- Selling shares of Polish companies on international capital markets
- Consulting with Polish organisations on their aims and international transactions
- Advising Polish ministries on the sale of strategic stakes in Polish companies
- Advising foreign clients wishing to make strategic investments in Poland
- Managing a pro-active team

The Person

You will currently be working in a similar role with extensive experience of transactions and involvement in the Polish market. Ideally you will fit the following profile:-

- A Legal, accountancy or business school qualification
- Professional experience and training
- Excellent research, analytical, interpersonal and management skills
- Native Polish and fluency in English
- Minimum of 18 months experience in a managerial position in two or more of the following areas within the Polish market:
- Flotations and New Issues
- Mergers and Acquisitions
- Market Analysis and Targeting
- Corporate Advisory
- Structured Finance
- Privatisation

Please send a full resumé with covering letter quoting ref FT2839 to:
8 Alice Court, 116 Putney Bridge Road, London SW15 2NQ. Tel. +44 (0) 181 874 2744. Fax: +44 (0) 181 871 2211.
ANTAL POLAND: Tel. +48 22 622 4978. Fax: +48 22 621 5925.
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LEOPOLD JOSEPH
MERCHANT BANKERS

Group Internal Audit

Competitive Salary Plus Benefits

This is a rare opportunity to join a long established independent UK merchant bank in the City.

Following a recent decision to centralise the group internal audit function in London, a vacancy has arisen for a qualified accountant to join our group internal audit department. This department reports directly to the Group Chief Executive.

The job will include reviews of key controls and the performance of special projects. A certain amount of travel will be necessary.

The successful candidate will be a qualified accountant with financial services audit experience and an appreciation of modern audit techniques. He/she is likely also to be a graduate with the confidence and tenacity to convey recommendations at board level and to follow up their implementation. Experience of offshore financial services would be particularly valuable and the role would be ideally suited to a qualified accountant returning from a relevant overseas posting.

Write with full CV including salary history to:
Susan Taylor, Leopold Joseph & Sons Limited,
29 Gresham Street, London, EC2V 7EA.

£100,000 package — *Leisure* — *North West*

Finance Director

This fast-moving, entrepreneurial division of a major leisure plc seeks a Finance Director to play a key role in its future direction and development. Success will depend on providing measure and control to a young, dynamic, executive team. With a clear remit to change all elements of the financial and IT business approach, this is a superb opportunity for a talented manager to influence and shape the business strategy.

THE ROLE
- Reporting to the Managing Director, responsible for the finance and IT functions within this £800 million turnover division.
- Ensure the financial reporting systems provide timely, accurate, consistent and apposite management information for effective monitoring in this rapidly changing market-place.
- Restructure the processes and team to allow professional and disciplined evaluation of business opportunities.

THE QUALIFICATIONS
- Graduate accountant, aged 33-45, with first-class technical skills gained in industry or the profession. Ideally with experience of service or retail industries involving high volume transactions of perishable commodities.
- Strong focus on measuring and responding to critical variables in complex, tight-margin, business environments.
- The maturity and authority to challenge, guide and assess the commercial focus of an energetic Board.

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Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FS1110836M,
Adlington Court, Greencourts Business Park,
Styal Road, Manchester M22 5LG

Finance Manager

A Catalyst for Change

Cheltenham **circa £35K + Car + Benefits**

KRONE (UK) Technique Limited is an international leader in the design, development and manufacture of voice and data communications connectors throughout the world. As part of our strategy for growth, we have an opportunity for an ambitious finance professional at our Cheltenham site.

A radical business re-engineering project is now set to develop business processes throughout the organisation and re-emphasise our commitment to the highest quality standards – and our people. This new role is one of five business management positions created to help drive the changes. Managing an existing finance team, the emphasis will be on designing new systems that translate strategy into reality.

Your role will focus on performance management for which you'll need a genuine interest in developing and empowering your team. As an organisation we're committed to an open management style that encourages innovation and teamwork; you'll develop these principles within your team, ensuring the highest levels of motivation are maintained. Your brief will span risk management, decision support and developing new cost design and reduction strategies to enhance our competitive advantage.

A graduate qualified commercial accountant, you'll have at least five years' post qualification experience, preferably gained in a manufacturing environment. Your advanced technical knowledge will be essential to support a creative approach to problem solving. Just as important are highly developed people management skills and a flexible approach. A knowledge of German would be an advantage.

In addition to a competitive salary and executive benefits, you can look forward to excellent development opportunities within a company committed to developing people to their full potential.

Please write, enclosing your career history, including salary expectations and quoting reference 6201/FT to our retained Consultant Steven Vass at Wheale Thomas Hodgins plc, Executive Resourcing, 13 Berkeley Square, Clifton, Bristol BS8 1HG.

The closing date for applications is: 15th April 1996.

KRONE

KEY ROLES

in FINANCIAL & ECONOMIC ANALYSIS

Telecoms Regulatory Strategy

MERCURY COMMUNICATIONS

Mercury Communications is succeeding by listening to what our customers want, providing solutions tailored to their needs and delivering exemplary service that exceeds their expectations.

To help us pursue an improved regulatory environment, we are seeking qualified professionals for the following key roles:

REGULATORY FINANCE London

You will provide financial analysis to support the development and implementation of our regulatory strategy, drafting submissions to regulatory bodies (principally OFTEL) in response to consultations. Representing Mercury at OFTEL meetings and working groups, and implementing relevant accounting and financial analyses will be key aspects of your role.

You should be a qualified Accountant, or hold an MBA/second degree in Economics. Significant experience in financial analysis and advanced financial accounting is essential. Ref: MNFT4105.

REGULATORY ECONOMICS London

Your role is to support the Senior Regulatory Manager in formulating and disseminating Mercury's regulatory strategy. You will bring your economic and commercial knowledge to bear on the formulation and testing of an industry telecoms model, developing and communicating recommended regulatory policy to relevant audiences. Drafting submissions to regulatory bodies (mainly OFTEL), and providing ad hoc economic analyses, will be key responsibilities.

An Economics graduate with an MSc/PhD, you must have an understanding of finance and accounting issues and exposure to UK company and commercial law. Experience of applying industrial/microeconomics theory in practice is essential. Ref: MNFT3883.

There are two positions - the more senior of which will require a greater level of experience and knowledge.

All roles require an ability to produce high quality, complex financial documents clearly, logically and in a readily understandable style. A highly articulate and persuasive presentation manner is essential.

In addition to competitive salaries (commensurate with experience), you will enjoy comprehensive flexible benefits which can be tailored to your needs. Please send your full CV TYPED on white A4 paper, indicating your current salary, and quoting the appropriate reference to: The Resourcing Centre, Mercury Communications Ltd., Alpha Tower, Suffolk Street Queensway, Birmingham B1 1TT.

Mercury Communications is an equal opportunities employer. No agencies please.

SONY

WHEN YOU'RE READY TO WORK WITH US YOU'LL KNOW

So will we.

That's because the personality of the person we appoint to be SENIOR MANAGER IN CORPORATE PLANNING Sony Europe is just as important as their experience and academic qualifications.

We are looking for someone who can adapt to unusual and demanding tasks, someone who can propose solutions with creativity and flexibility. Someone who can assess and analyse the demands of workloads and personalities.

A candidate who has the communication and management skills, the charisma and assertiveness to look forward to succeeding to the General manager's role.

Based in Cologne you'll be responsible for a highly skilled team tasked with providing our group management in Europe and Japan with the information they need for the successful operation of businesses with revenues in excess of DM11 billion across 20 countries.

Your academic background may lie in accounting or economics but you must have practical experience of corporate planning within a multi-national company and, ideally, both head office and line experience. You should be comfortable with both OLAP and EIS tools and be able to create, implement and co-ordinate processes for the European reporting units.

You will have an excellent command of written and spoken English, a knowledge of German would be useful but not compulsory.

If you think you are ready for this demanding assignment and the rewards it brings, send us your full CV with a covering letter including current salary details.

And we'll see if we agree.

STEVEN WATERHOUSE, MANAGER HUMAN RESOURCES, SONY EUROPE GMBH, HUGO-ECKENER-STRASSE 20, D-50829 COLOGNE.

SONY

ACCOUNTANT

Degreed.
Fluent German & English.
Reports to UK parent-3 years similar experience.
Financial analysis; foreign exchange reports; assist in annual German budget and special projects. Good computer skills.

CV to Recruiter
PO Box 55151
Van Nuys,
CA 91403 USA.
Phone 818-981-2616
Fax: 818-981-6505.

Western Atlas Logging Services,

a division of Western Atlas International, a leading international company in the oil field service industry, is seeking a dynamic individual, aged 22-30 to fulfill the role of a Trainee Controller.

A finance or accounting background with auditing experience is preferred. Should be computer literate, willing to travel and open to relocation abroad (single status) in the future. Foreign language skills preferred. For details please contact

Brad Grave at 0181-585-4634.

APPOINTMENTS WANTED

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KPMG

Financial Controller

Cardiff **to £40,000 + car + bonus**

Our client is a strong, well established and dynamic food business, bringing an innovative approach to the growth of a key sector of the industry.

With c. 1000 employees and a turnover of £44 million, the last few years have seen the company undertake changes that firmly position it for a successful entry into the new century.

At the heart of this achievement is a strong partnership at senior management level which makes good use of the genuine talent within it.

This role will bring you into this team, where you will work in close association with the Managing Director helping to turn shared vision into strategy. This will involve liaising with senior managers to gather information and give guidance, preparing analyses, budgets and forecasts – helping them develop accurate performance measures and implement business improvement programmes.

A key contributor to the business planning process, you will identify opportunities for business growth and help the company harness new IT and MIS solutions.

Ideally a Cost and Management Accountant from a progressive manufacturing environment, your skills should include financial planning, statutory accounts, current tax knowledge and a high level of computer literacy.

As the de facto number 2 in the company, you must have broader qualities including a participative management style and the intellectual strength to gain results by influence as well as direction. For the right person, a group structure offers tremendous development potential.

If you have the experience and drive that we are seeking, please write with a full CV to Chris Beer, KPMG, Marlborough House, Fitzalan Court, Cardiff CF2 1TE. Tel: 01222 468000. Fax: 01222 468200.

KPMG Selection & Search

KPMG

Vice President of Finance

Heathrow **Circa £60,000 + benefits**

Our client is one of the premier global aftermarket supply organisations in the aviation industry, an organisation that buys, sells, leases and repairs aircraft, engines, and aircraft and engine parts. In 1995 global sales were $451 million of which 42% were outside the domestic (US) market. Continuing geographical expansion and further penetration of selected markets has created a need for a Vice President of Finance for the European operation.

This is a high profile role reporting to the CFO of the US parent and with full responsibility for Europe. This position will include the identification of business opportunities and potential financial partners together with the assessment of credit risks and alternative financing sources. Part of the role will focus on the production of financial data and compliance with company policies and procedures.

Candidates are likely to be aged between 35 and 45 with either an accountancy qualification and/or MBA. You are likely to come from an aviation, banking, leasing or commercial/industrial background. You will also require excellent communication and financial analysis skills and sufficient stature in order to function in an evolving environment and establish contacts with other European senior financial executives.

Interested candidates should send comprehensive CVs and salary details, quoting reference R425 to Janina Harper at KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

Tax Manager – Oil and Gas

Moscow **up to £100,000 Package + Accomm**

Our client is a world leading multi service organisation with an outstanding reputation and track record of achievement. With the support of a truly global network they have maintained consistent and profitable growth in all business areas.

Their well established Moscow office is at the forefront in advising domestic and international organisations on oil and gas investment in Russia and the CIS. Working with a strong team of taxation specialists your role will be to help build a leading oil and gas taxation practice.

Specifically the role includes:

- Providing technical taxation and practical business advice to oil and gas companies and related service companies.
- Developing marketing and delivering tax planning ideas to existing and new clients in the oil and gas sector.
- Initiating the provision of taxation services to oil and gas clients.

In order to be successful in this role it is likely that you will have:

- Relevant taxation experience in a professional firm and/or an oil and gas organisation.
- A good intellect with the ability to deliver solutions to complex issues.
- The ability to achieve a high profile status in this industry sector.

This is an exciting and challenging opportunity that will suit an individual with an outgoing and mature personality. The role offers an excellent remuneration package and fast track career development leading to partnership.

If you would like to find out more about this opportunity please contact our recruitment adviser Charles Ferguson on 00 44 171 831 2000, or fax a resume on 00 44 171 831 6662, or write to him at Michael Page, Page House, 39-41 Parker Street, London WC2B 5LH. Please quote reference 282191.

MP

Michael Page Eastern Europe
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Andrew Skarzynski on +44 0171 873 4054

Toby Finden-Crofts on +44 0171 873 4153

Murex Biotech Ltd

Vacancies in Finance

£Excellent + Benefits **Based Dartford, Kent**

THE COMPANY: Murex Biotech Ltd, a subsidiary of the $94m turnover International Murex Technologies Corporation, is a leading and successful supplier of medical diagnostic products to the world healthcare market. At Dartford, Kent it researches, develops, manufacturers and markets a wide range of in-vitro test systems for diagnosing and monitoring infectious diseases and other medical conditions. Leading edge technology, combined with a commitment to customer satisfaction, quality and operational efficiency have led to increased success in its global markets. Internally the Company promotes empowerment, innovation, continuous learning and teamwork.

THE OPPORTUNITIES: The Finance Department currently have 2 vacancies:

HEAD OF FINANCE Ref. 004

The Company needs a dynamic and ambitious Chartered Accountant to lead a sophisticated Finance team of 11 staff. The job holder will be responsible for providing the Executive Committee and other management with strategic and operational finance information, meeting all statutory requirements. undertaking Company Secretary duties, as well as running the full range of accounting functions such as, accounts payable and accounts receivable.The role will also require the development & implementation of a financial planning and budgeting process.

Ideal candidates will be Chartered Accountants with at least 8 years experience in a manufacturing organisation, who aspire to be a Finance Director.

FINANCE ANALYST Ref. 005

The Company is looking for an ambitious, commercially minded Accountant who will be required to provide support to the Commercial Marketing and Business Development functions of the business.

Ideal candidates will be recently qualified, or part-qualified ACA's, ACMA's, ACCA's or financially minded MBA's wishing to move into a commercial environment.

Candidates should be proficient at financial modelling, capital appraisal and have well developed PC skills.

If you are interested in either of the above positions, please post or fax your CV quoting the ref.number, to Mrs J Nightingale, Human Resources, Murex Biotech Ltd, Central Road, Temple Hill, Dartford, Kent DA1 5LR. Fax no: 01322 282570. Closing date for applications is 26th April 1996.

murex

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IT Senior Appointments

IT City Appointments

IT City Appointments

NETWORK SYSTEM PROGRAMMER
Middle East - Tax free expat package

Our client is a leading Gulf based bank with a progressive technology environment. They seek a qualified programmer with experience of SNA subarea and APPN; IBM 3174 configuration; installation and maintenance of VTAM in a multiple domain environment of MVS ESA, NCP 5.4, Netview and AON. Responsibilities also include network documentation and user guidance and staff training on SNA.

Please contact Philip Wright

IT ANALYST £AAE + Banking benefits

This major international bank seeks an Analyst to gain an understanding of all of the bank's systems, especially unused functionality. You will define and document IT procedures and controls, detail and subsequently test any amendments having set timetables and liaised with staff on additional documentation required. Previous bank and AS400 experience essential.

Please contact Ian Dodd

IT DEVELOPMENT MANAGER
£40,000 + Benefits package

Our client is a major European bank which is seeking an IT Manager to be responsible for the design and maintenance of account systems supporting their increasingly active trading of derivatives products. Candidates must be highly numerate and a graduate in computer studies or a similar course. They should be capable of meeting demanding deadlines and effectively managing the bank's IT project team. Software knowledge should include at least one of Excel, C, Visual C, C++ or Pascal.

Please contact Brian Jarvis

IT BUSINESS ANALYSTS
£30-£45K + Banking benefits

Our client specialising in FX netting and risk management in the International banking sector requires two Analysts preferably with financial sector experience. You must have a degree, be highly numerate and have participated in a complete project life cycle. Working in a small team, you will have considerable flexibility to be involved in whole operation.

Please contact Ian Dodd

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Please call Mary Lou Hayes at
GRADUATE APPOINTMENTS
Tel: 0171 379 0333
Fax: 0171 379 0113

SYSTEMS DEVELOPMENT & SUPPORT · TREASURY SUPPORT · TO £40K · EXCELLENT BENEFITS · LONDON

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In just over ten years Citymax, a wholly owned subsidiary of Credit Suisse, has emerged as one of the most successful systems houses. Focused exclusively on the financial services sector, we are widely regarded as the most innovative and effective solutions provider for our demanding industry.

We have attracted many of the most astute and creatively technical minds to our team. We have established ourselves as one of the principle pioneers in client server technology. With a 'Who's Who' portfolio of clients in the Banking, Securities, Investment Management and Insurance worlds, we can promise a unique breadth of project experience.

This combination of strengths is calculated to attract top young IT professionals. People – with or without financial services experience – who now want to make their mark on this challenging but immensely rewarding sector.

SYSTEMS DEVELOPMENT & SUPPORT

In July, CREST – a real-time, paperless settlement system for the London financial markets – goes live. At the same time, we will be going live with our own unique solution – ARROW. This fully comprehensive system has been developed using leading edge, client server technologies... and this is your chance to get to grips with it.

We are offering you a wide variety of projects – interfacing with users to provide software design and development services that are precisely tailored to business needs. We also have opportunities in on-going support and testing roles. Whilst a background in financial services would be useful, it is certainly not essential. The vital skills are at least 18 months experience in a quality-driven, time-critical, UNIX and C environment. Ideally, we would also like to see evidence of GUI, SQL and relational database (preferably Oracle or Sybase) experience.

For these talented individuals, there is a real prospect of moving rapidly into major OO development projects.

TREASURY SUPPORT

Citymax has been retained by Credit Suisse to provide all IT services for its Treasury operations, and opportunities now exist for high quality financial markets professionals.

These are critical interface roles, working directly with dealers on the trading floor. Our support teams analyse and specify user requirements, liase with package suppliers and third party developers, undertake user acceptance and regression testing, implement systems as well as provide user training and support.

These very broad roles will appeal particularly to two types of candidate...

Some will be technical support professionals with solid UNIX and SQL skills and proven problem-solving talents. They may not have any financial markets experience, but they will certainly want to become more business focused and will view the world of front-line banking as the greatest challenge.

Others could well come from a trading floor support background, and want to play a more analytical and proactive role in this dynamic and demanding technical environment.

To find out more, please telephone our consultant Conrad Hills on 0171-253 7172 during office hours or on 0181-542 5724 evenings and weekends. Alternatively, write with full career details, quoting ref: 707, to him at JM Management Services Limited, Chandos House, 12-14 Berry Street, London EC1V OAQ. Fax:0171-253 0420. E-Mail: jmms@dircon.co.uk

All agency enquiries should be directed to JMMS.

CITYMAX

RISK – Professionals

AMS Management Systems

AMS's business is to partner with clients to achieve breakthrough performance through the intelligent use of information technology. AMS is a business and information technology consulting firm that provides a full range of services: business re-engineering, change management, systems integration and systems development and implementation. AMS, which completed its 26th consecutive year of growth, has 6,000 consultants working in 47 offices worldwide. AMS's European revenues have grown at an annual rate of 97%, making the firm the fastest growing consultancy in Europe.

The RISK practice of AMS is focused on larger financial institutions. Through our 10 European offices, we assist our clients with a range of consulting services that help bridge the gap between best practices finance theory and current state. Our expertise includes mathematical concepts, organisational design, risk controlling and information technology.

Positions are now available to work initially in Europe on the design and implementation of Global Risk Management Systems. Our culture is driven by producing measurable results for our clients. We interface with all levels of the client organisation. We deliver a range of tangible benefits such as data warehousing, VAR reports, risk engines and change management programs.

UK ◆ NETHERLANDS ◆ GERMANY ◆ FRANCE

C++ Analyst Programmers
£30-45,000

Analyst Programmers are required with a minimum of two years' financial systems development experience of Object Oriented design and development concepts using C++. Although Sybase Version 10 or other RDBMS would be ideal, it is not essential.
Working in highly focused business systems groups, your role will be to develop OO solutions for complex and dynamic risk systems. The ability to translate business ideas into re-usable components is critical.
You must have a basic understanding of trading products – primarily interest rate based and derivatives – with a working knowledge of Unix, preferably Solaris or HP-UX. Ideally you will have spent at least two years in the areas of trading risk or front office systems with six months+ in front/middle office. Ref: 055/96

Database Architect – Sybase
£30-45,000

A talented Database Architect is required with a detailed understanding of database development concepts and at least two years' financial systems experience, using all Sybase products including supporting development utilising Replication Server.
A background in trading risk or front office systems – primarily interest rate based and derivatives – with six months+ in front/middle office is also required. Ref: 053/96

Senior Business Analysts
£45-55,000

Senior Business Analysts must be able to show strong structured analytical experience preferably in an Object Oriented environment with an understanding of how large financial organisations identify and control risk. A good grasp of one or more of the following product areas is required: Fixed Income, Equity, Money Market and Foreign Exchange.
You will have at least two years' experience of a number of front office trading systems with six months+ in front/middle office. In addition, a strong statistical background is required to assist in the definition of risk management methodologies. Ref: 054/96

Financial Engineers
£45-55,000

You will typically have at least two years' experience in trading risk or front office environments with six months+ in front/middle office. In addition, a strong statistical background is required to assist in the definition of risk management methodologies.
You must be capable of defining the mathematics behind one or more of the following product ranges: Fixed Income, Equity, Money Market and Foreign Exchange and their derivatives. Your skills will include structured analysis and design in an Object Oriented environment with knowledge of the use of MS Excel or other spreadsheets. Ref: 052/96

For a detailed discussion regarding any of the above positions please contact us quoting the appropriate reference.
1 Groveland Court, Bow Lane, London EC4M 9EH. Tel: 0171 236 4288 or 0171 248 0393.
Fax: 0171 236 4277. E-mail: info@citielite.co.uk http: //www.citielite.co.uk

parallel international

LEADING INVESTMENT BANK
ANALYST/PROGRAMMERS - TRADING SYSTEMS

CITY £ EXCEPTIONAL

This leading global Investment Bank has an established presence at the forefront of all the major markets worldwide. They lead the field through innovation and a dedication to solution driven business practice. This pre-eminence means continued growth of the organisation and increased investment in the technology department. The Bank employs state-of-the-art systems deployed through a flexible and innovative strategy to increase their competitive edge. The staff they hire are best described as talented and forward thinking.

The principle requirement for staff is within front office technology where the pace is often hectic and the projects are always critical. The successful candidates will be working on some of the most prestigious derivative systems in the Bank.

As a bare minimum all interested candidates must have:

- A 2:1 degree or PhD in Maths, Computer Science or Engineering
- A minimum of two years' commercial experience of programming in C on a Unix platform
- A demonstrated track record of hands-on Sybase experience

In addition, the ideal candidate will have worked with:

- Access, Visual Basic and Visual C++ on Windows NT.

Investment Banking experience is not essential but the desire to work in a fast pace trading room environment is a must.

Interested applicants should contact **Keith Jones** or **Kate Bridges** on 0171 379 3333 or 0181 788 8368. Alternatively send or fax a detailed CV to them at **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.** Fax: 0171 915 8714. E.mail: kate bridges@rwa.co.uk

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CONSULTING SERVICES TO ENTREPRENEURS

Deloitte & Touche, one of the world's leading accounting and advisory firms, provides professional services to clients in more than 120 countries worldwide. Early in 1995, as part of a worldwide initiative, a new Management Advisory Services division was created. It services the needs of fast growing companies in the middle market sector (turnover approximately £150m), providing, for example, Information Technology, HR consultancy, financial management and profit improvement advice. It is enjoying rapid growth and plans to double in size over the next three years. As a result, we have an immediate need to appoint consultants at all levels who have wide experience of IT and the marketplace for mid-range systems and accounting packages.

You will have had a thorough grounding in IT gained through working in a disciplined environment on large scale IT projects but, crucially, know how to apply these skills sympathetically to the middle market. You will be adaptable and have the ability to explain technology solutions in lay terms, approach problems flexibly and fully understand the risks of mid-range implementations in owner managed businesses. You will be familiar with the main issues surrounding the systems development lifecycle including strategy, bespoke development, package selection and modification, networking, client server accounting systems and their impact on business processes.
Entrepreneurial flair and creativity are essential. You will have empathy with the middle market and enjoy the challenges of working with dynamic owner managers.
You will be a graduate and very commercially aware. IT consultancy with an accountancy background or accounting qualifications (with a minimum of two years post qualification experience) are ideal attributes. Also essential is your burning ambition to succeed in a division where only the promotable are employed. A very competitive remuneration package is offered.
To apply please contact our advising consultant Liz Hayward on 0171 626 2266 (daytime) or 0171 481 2864 (evenings/ weekends) or forward your CV to her quoting reference XX/273/6 at The Allison Partnership, Cannon Centre, 78 Cannon Street, London EC4N 6HH. Fax: 0171 626 2277.

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